

CITY OF CINCINNATI

ALL FUNDS BIENNIAL BUDGET

RECOMMENDED OPERATING BUDGET

2003
2004



OF THE PEOPLE, BY THE PEOPLE,
FOR THE PEOPLE
YOUR CITY DOLLARS AT WORK

City of Cincinnati

All Funds Biennial Budget



Recommended Operating Budget 2003/2004

Mayor

Charlie Luken

City Council

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Valerie A. Lemmie, City Manager
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**City of Cincinnati
All Funds Biennial Budget**

RECOMMENDED OPERATING BUDGET

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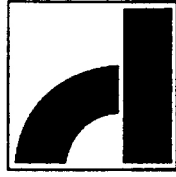
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GOVERNMENT FINANCE OFFICERS ASSOCIATION

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**City of Cincinnati
Ohio**

For the Biennium Beginning
January 1, 2001

Samuel A. Lowe
President

Jeffrey R. Emen
Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an Award for the Distinguished Budget Presentation to the City of Cincinnati for its annual budget beginning January 1, 2001.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications medium.

The award is valid for a period of one year only. We believe our current biennial budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



City of Cincinnati

November 25, 2002

Mayor Charlie Luken:

RECOMMENDED 2003/2004 OPERATING BUDGET

I am recommending a 2003/2004 All Funds Biennial Operating Budget of \$718.2 million in 2003 and \$728.1 million in 2004 for a total of \$1.4 billion. The 2003 recommendation is a 1.3% increase from 2002 and the 2004 recommendation is a 1.4% increase from 2003. The recommended General Fund Operating Budget is \$312.5 million in 2003 and \$319.2 million in 2004. The 2003 recommendation is a 0.5% reduction from 2002 and the 2004 recommendation is a 2.1% increase from 2003.

2003/2004 Operating Budget

(in \$ millions)	2002 Approved Budget	2003 Recommended Budget	Change From 2002	2004 Recommended Budget	Change From 2003
General Fund ¹	314.0	312.5	(0.5%)	319.2	2.1%
Restricted Funds	<u>394.9</u>	<u>405.7</u>	2.7%	<u>408.9</u>	0.8%
Total Operating Budget	708.9	718.2	1.3%	728.1	1.4%

¹Community Development Block Grant funds, which are reported in a separate budget document, are not included in the amounts cited above.

All funds in the Operating Budget are balanced, although there are several funds that require intensive monitoring to insure that expenditures are balanced to resources in future years. My recommended budget insures fiscal responsibility by controlling expenditures, provides for basic services, and includes tax relief to City property tax payers.

This Operating Budget makes substantial and significant changes to current City operations, particularly in the General Fund, as the City focuses on providing only basic municipal services in an economic climate of limited resources. In addition, I am recommending a reorganization of City departments to provide greater efficiency of City operations. This proposed reorganization is being submitted in a separate report to the Mayor and City Council. It is included in this document as an appendix. In the General Fund 160.0 non-sworn FTE in 2003 and 14.2 non-sworn FTE in 2004 are eliminated or transferred to other funds in a number of City departments for a savings of approximately \$6 million. Of these FTE, 39.5 employees are likely to be displaced and the remainder can be absorbed in non-General Fund departments by filling vacancies that are available because of the hiring freeze that has been in effect for 2002 and as functions are moved to non-General Fund sources. In non-General Funds 8 employees are likely to be displaced. The displacement of Civil Service employees will be in accordance with Civil Service Rules and Regulations. Any layoffs would be effective March 1, 2003.

Basic Services Focus

Basic City services are the focus of this budget. Citizens can be assured that safe and clean neighborhoods are a priority. Some of the continued and enhanced basic services included in the budget are as follows:

1. The City's Health Clinics and other primary health care programs are fully funded;
2. The plan to add 75 police officers is on track. Forty-five police officers will be added in 2003 and 15 more will be added in 2004. Total sworn strength will be 1,060 in 2004. In addition, the Police Department received a grant of approximately \$275,000 for police visibility overtime that will augment the \$500,000 already in the budget for this purpose;
3. Additional funds are in the budget for a Fire Lieutenant to serve as the City's Weapons of Mass Destruction Coordinator and the Fire Department will continue its efforts to secure funds for enhanced City security;
4. Weekly solid waste collection is funded at a continuation level in the biennium (see number 4 in the next section). Approximately \$220,000 is included for an enhanced litter pick-up program at 40 major intersections in the City. In addition to the basic level of service, these intersections will have litter pick-up an additional two times per month;
5. All parks and recreation facilities will remain open and operating at continuation levels;
6. Building code enforcement will continue and is enhanced through an additional \$100,000 in Community Development Block Grant funds. The Housing Court that will make building code violators more accountable will be operational in the biennium;
7. The Human Services Policy and the Arts Policy will be maintained in the biennium with human services receiving 1.5% of General Fund resources and the arts programs receiving 0.14% of General Fund resources;
8. The commitment of \$5 million for 20 years to the Cincinnati Public Schools (CPS) for facility improvements will continue in the biennium. We will continue to work with CPS to align our budgeted capital improvements with the CPS facilities plan where possible; and
9. Resources are budgeted to continue to implement 200 lane miles of street rehabilitation.

Organizational Changes and Budget Reductions

The most significant organizational changes and budget reductions include the following:

1. Transfer of the Street Sweeping program to the Stormwater Management Fund and implementation of managed competition for this function. Street sweeping reduces the debris which would otherwise enter the stormwater system. The transfer results in approximately a \$1.1 million savings in the General Fund;
2. The Health Department will transfer 19.5 FTE and some primary health functions to the Health Services Fund. The savings to the General Fund will be approximately \$1.5 million;

3. Elimination of the City Planning Department and programs that are not required by law. Mandatory zoning functions (Land Use Management) and Historic Conservation will be transferred to the Community Development Department. Community plans would no longer be routinely funded. Approximately \$704,320 is saved in the General Fund and 8.5 FTE are eliminated;
4. Suspension of the Yard Waste and Recycling programs in 2004 when new resources are identified. These items would be collected in the regular trash pick-ups. For 2003, the Yard Waste and Recycling programs are funded from one-time resources. Approximately \$2 million is saved in the General Fund;
5. Elimination of the Office of Environmental Management. The Employee Safety program will be transferred to the Department of Human Resources, the remaining environmental compliance/planning including brownfields will be transferred to the Health Department, and the air quality program would be eliminated with the air monitoring function continuing as a countywide function. Title X of the municipal code will need to be changed. Approximately \$294,000 is saved in the General Fund and 4.0 FTE are eliminated;
6. Elimination of the Office of Contract Compliance and Administrative Hearings. The Contract Compliance program will be transferred to the Finance Department, the Equal Employment Opportunity program will be transferred to the Human Resources Department, and the Administrative Hearings program will be transferred to the Law Department. Approximately \$398,500 will be saved in the General Fund and 5.0 FTE will be eliminated;
7. The transfer of the Internal Audit function to the Finance Department. Approximately \$75,400 is saved in the General Fund and 1.0 FTE is eliminated;
8. The General Services Department will be eliminated. The divisions including the Convention Center, Fleet Services, and the Parking System will be managed by an Assistant City Manager. The City Manager's Office also will assume responsibility for major economic development projects. The Regional Computer Center will become a department and the City Facilities division will be transferred to the Public Services Department;
9. The Employment & Training function will be transferred to the Community Development Department and renamed the Workforce Development Division. Approximately \$10,350 is saved;
10. Public information functions in all departments will be eliminated and the function centralized in the City Manager's Office. Approximately \$350,000 will be saved in the General Fund and 5.0 FTE will be eliminated;
11. Beginning in 2004, the Nature Education Program in the Parks Department is eliminated. Although this program is popular, the City can no longer afford to pay for it. It is recommended that with a year lead-time, alternative funding can be secured;
12. Beginning in 2004, the Health Education Program in the Health Department is eliminated so the more basic services can continue. It is recommended the with a year lead-time, alternative funding can be secured;
13. Citywide, salary increases above 3%, longevity pay, and tuition reimbursement are suspended for non-represented employees (including executive staff) in 2003 to balance the budget.

Approximately \$712,000 is saved in the General Fund. We will continue to be challenged by high health care cost increases in the next few years. City employees can be expected to pick up a larger share of the increase;

14. Training and non-local travel budgets are reduced in the General Fund for a savings of approximately \$600,200 in both years of the biennium;
15. The Neighborhood Support Program is reduced by \$260,000 and each neighborhood will receive \$5,000 annually; and
16. A managed competition report with recommendations is being submitted separately and is included in an appendix.

Mayor and City Council Policies

The budget includes the following Operating Budget recommendations to implement the adopted City Council Budget Policies:

1. A reduction of \$5.4 million in General Fund department budgets (exclusive of non-departmental accounts) in 2003 compared to the 2002 budget;
2. A reduction in the operating property tax millage from 5.4 mills to 5.27 mills in 2003;
3. A net reduction in 2003 of 115.0 FTE in the General Fund and 79.8 FTE in All Funds compared to the 2002 budget. In the General Fund and Restricted Funds, 39.5 employees and 8 employees will be displaced, respectively.
4. Full funding for the Human Services and Arts Policy programs;
5. The addition of 60 police officers in the biennium with the goal of an additional 75 police officers by the end of 2005 based on recruit class capacity;
6. Funding for Cincinnati Public School facilities in fulfillment of the 20-year commitment of \$5 million per year through 2019;
7. Full funding of “quality of life” services such as health clinics, recreation centers, trash pick-up, street cleaning, police protection, fire protection and emergency medical, and other basic services;
8. Increased revenue for insurance billing for fire company response to auto accidents;
9. Because of the City's difficult financial condition, no transfer from the General Fund to the Capital Budget is made. However, the \$27.3 million in the Neighborhood Investment Reserve (unallocated portion of the \$55 million Anthem demutualization proceeds) may be considered to address this initiative as well as the reprioritization of City projects to complement the emerging school plan. The criteria for the use of these funds is provided in an appendix;
10. Arts capital funding is addressed through a combination of current and new projects. A total of \$700,000 in both 2003 and 2004 is recommended in the General Capital Budget for capital improvements at Music Hall, the Art Museum, and the Museum Center. Additionally, \$1.3 million for Capital Arts Funding is included in both years of the Neighborhood Investment Program Budget (Anthem demutualization proceeds). Funding will be used for capital improvements for arts related facilities downtown and in neighborhoods; and

11. Although no funds are specifically identified for market rate housing loans, \$11 million is recommended in the biennium for market rate housing. In the biennium, the recommended budget includes \$5.0 million for the "Neighborhood Market Rate Housing" project, \$2.0 million for "Citirama," \$1.0 million for the "Downtown Housing Development" project, and \$3.0 million in Special Housing Permanent Improvement Funds. In addition, the Neighborhood Investment Reserve of \$27.3 million (unallocated portion of the \$55 million Anthem demutualization proceeds) may be used for housing loans.

Tax and Fee Changes

1. The property tax rate is set at 5.27 mills in 2003 down from 5.4 mills in 2002 which will generate \$736,000 less in property tax revenue. Offsetting this decrease is my recommendation to tax the income of visiting athletes and entertainers which is estimated to be a \$561,000 increase in General Fund revenue. No other tax increases are included.
2. Expenditure controls in the Water Works budget will accommodate a 2% rate increase instead of the planned 3% increase.
3. Expenditure controls in the Metropolitan Sewer District will provide for a 2% increase over the 2002 estimated actual expenditure amount. Final budget approval and rate setting is the responsibility of the Hamilton County Board of Commissioners.
4. A 5% parking facilities rate increase is included in the 2004 budget. This conforms with the plan to have 5% increases every three years to maintain and expand the system.

Staffing Plan

The City will reduce the overall number of funded positions in 2003 and in 2004. The recommended total number of full-time equivalents (FTE) is recommended to decline from 6,559.9 budgeted in 2002 to 6,480.1 in 2003, which is a reduction of 79.8 FTE. There is a reduction of 115.0 FTE in the General Fund and a 35.2 FTE increase in the Restricted Funds mainly due to the transfer of some General Fund functions and positions to Restricted Funds. In 2004, there are further reductions of 4.2 FTE in overall. There is a 84.0 FTE reduction over the biennium in all funds.

The recommended change in non-sworn FTE is more dramatic. From 2002 to 2003 the number of FTE declines by 124.8 in all funds. The decline from 2002 to 2003 in the General Fund is 160.0 FTE. From 2003 to 2004 the number of non-sworn FTE declines by 19.2 in all funds. The decline from 2003 to 2004 in the General Fund is 14.2 non-sworn FTE.

In the Fire Department, sworn FTE remains at 787 in both years of the biennium. In the Police Department, sworn FTE increases by 45 in 2003 from 2002 and by 15 in 2004 from 2003.

The Departmental Budgets section of this document provides a detailed description of each recommended 2003/2004 FTE change by department. The following table provides a summary of the recommended staffing plan for 2003/2004 for all City staff and for sworn staff.



2003/2004 City Staffing Plan

(in Full Time Equivalents, FTE)	2002 Approved Budget	2003 Recommended Budget	Change From 2002	2004 Recommended Budget	Change From 2003
General Fund	3,943.7	3,828.7	(115.0)	3,829.5	0.8
Restricted Funds	2,616.2	2,651.4	35.2	2,646.4	(5.0)
Total City Staffing	6,559.9	6,480.1	(79.8)	6,475.9	(4.2)

2003/2004 Sworn Authorized Strength Staffing Summary

(in Full Time Equivalents, FTE)	2002 Approved Budget	2003 Recommended Budget	Change From 2002	2004 Recommended Budget	Change From 2003
Police Sworn	1,000.0	1,045.0	45.0	1,060.0	15.0
Fire Sworn	<u>787.0</u>	<u>787.0</u>	<u>0.0</u>	<u>787.0</u>	<u>0.0</u>
Total Sworn	1,787.0	1,832.0	45.0	1,847.0	15.0

Police Sworn Positions. The recommended 2003/2004 Biennial Budget includes the authorized strength as established by the City Council.

Fire Sworn Positions. The recommended 2003/2004 Biennial Budget includes the authorized strength as established by the City Council.

A table showing the FTE reductions and increases is included as an appendix.

Citizen Participation

The City of Cincinnati has a tradition of citizen participation in the municipal budget process. Involvement is sought from individual citizens, community councils, and various other community groups. Forty-three neighborhoods participated in the Community Priority Request process by submitting a total of 288 service and project requests for consideration in the City's 2003/2004 Biennial Budget. A report providing the disposition of each of these requests will be forthcoming. Additionally, various advisory boards have reviewed and made recommendations to me for funding allocations, including the Community Development Advisory Board (CDAB), Human Services Advisory Committee (HSAC), and the Cincinnati Neighborhood Business Districts United (CNBDU).

My staff and I are prepared to assist the City Council in determining the City's future direction through the 2003/2004 Biennial Budget process.

Respectfully submitted,


Valerie A. Lemmie
City Manager

2003/2004 All Funds Operating Budget by Fund

The City of Cincinnati Operating Budget is developed by fund. Each fund is projected to be balanced to resources in the biennium. Significant changes in fund revenues, resources, expenditures, or balances in each fund are described in this section of the Operating Budget document. This section includes the following tables and narratives:

All Funds Operating Budget

The table titled “All Funds Operating Budget” on the next page lists the recommended 2003/2004 expenditures budget by fund. It also provides the 2001 approved budget and the 2002 approved budget by fund.

2003/2004 General Fund Resources and Expenditures

This section beginning on page 9 includes the General Fund Six-Year Forecast and a detailed description of the General Fund Biennial Budget.

2003/2004 Restricted Funds Resources and Expenditures

This section beginning on page 19 starts with an overview of the budget assumptions and categories found in the Appropriated Restricted Funds table. Following the table are descriptions of each fund.

Non-appropriated fund expenditures are authorized in the ordinances that establish those funds. They are referred to as “non-appropriated” because the budgets are approved by City Council with the adoption of the recommended budget. Therefore, individual annual appropriation ordinances are not required. The non-appropriated category of operating funds is primarily comprised of grant funds such as the Health Department grants, Workforce Development Division grants, and Police Department asset forfeiture funds. A description is provided of the major changes expected in the non-appropriated restricted funds.

All Funds Operating Budget

Fund	2001 Approved	2002 Approved	2003 Recommended	2004 Recommended
050 General Fund	\$308,075,640	\$313,979,330	\$312,503,740	\$319,158,090
APPROPRIATED RESTRICTED FUNDS				
101 Water Works	\$82,165,670	\$85,764,430	\$92,612,190	\$96,020,420
102 Parking Facilities	6,526,020	6,568,300	7,851,650	7,936,730
103 Convention Center	5,424,320	5,401,490	4,890,790	4,961,500
104 General Aviation	1,386,380	1,410,340	1,453,830	1,477,350
105 Municipal Golf	6,176,520	6,327,510	6,492,310	6,480,100
107 Stormwater Management	6,023,700	6,301,150	7,219,230	7,238,670
151 Bond Retirement	51,842,360	59,740,130	65,917,000	60,520,000
301 Street Construction	8,033,440	8,352,200	7,905,110	7,888,940
302 Income Tax-Infrastructure	13,671,710	13,531,840	13,076,230	12,638,790
303 Parking Meter	731,240	769,870	2,089,440	1,039,340
304 Community Dev Block Grant	3,039,630	2,981,370	3,125,180	3,185,190
306 Motor Vehicle License Tax	2,849,860	2,823,910	2,969,900	2,650,620
318 Sawyer Point	1,128,920	1,135,610	1,177,360	1,180,500
323 Recreation Special Activities	2,956,350	3,149,830	3,249,780	3,252,410
395 Health Services	2,998,650	3,096,480	4,643,410	4,266,920
424 Cable Communications	1,713,830	1,590,070	1,620,720	1,663,790
701 Metropolitan Sewer District	122,631,370	131,074,960	127,480,240	132,934,260
759 Income Tax Transit	38,594,860	38,086,670	36,336,330	37,759,790
APPROPRIATED RESTRICTED FUNDS	\$357,894,830	\$378,106,160	\$390,110,700	\$393,095,320
NON-APPROPRIATED RESTRICTED FUNDS	\$22,300,070	\$19,736,350	\$18,716,700	\$19,009,510
RESTRICTED FUNDS TOTAL	\$380,194,900	\$397,842,510	\$408,827,400	\$412,104,830
GRAND TOTAL	\$688,270,540	\$711,821,840	\$721,331,140	\$731,262,920

Note: Community Development Block Grant amounts included above are not included within the Operating Budget section of the All Funds Operating Budget Summary on page 40.

2003/2004 General Fund Resources and Expenditures

General Fund Six-Year Financial Forecast

The 2003/2004 Biennial Budget for the General Fund is recommended in the context of a six-year financial forecast of resources and expenditures. The forecast was developed with the assistance of Standard & Poor's/DRI, the City's economic and financial forecasting consultant for the past eight years. The forecast, as explained in this section, is based on information now available concerning 2002 actual revenue collection. A full discussion of revenue components is provided in the next section.

The Standard & Poor's/DRI forecast includes a scenario of a weak economy continuing through 2002 followed by a slow economic expansion beginning in 2003. That recession has caused the slowing of income tax revenues in 2002 and a small increase in 2003 is expected. This economic forecast drives the projections of major revenue sources (income tax and property tax) of the City and of expenditure growth based on inflation trends.

SIX-YEAR GENERAL FUND FORECAST (in \$000s)

	2003	2004	2005	2006	2007	2008
	Budget		Forecast		Forecast	
Revenue	\$307,615	\$315,522	\$325,477	\$339,544	\$351,879	\$363,520
Prior Year Carryover	6,556	4,690	4,136	4,911	9,650	17,536
Resources	\$314,171	\$320,212	\$329,613	\$344,455	\$361,529	\$381,056
Operating Expenditures	\$312,504	\$319,158	\$329,464	\$339,710	\$349,045	\$358,446
Capital Transfers	0	0	0	0	0	0
Total Expenditures and Transfers	\$312,504	\$319,158	\$329,464	\$339,710	\$349,045	\$358,446
Operating Surplus	\$1,667	\$1,054	\$149	\$4,745	\$12,484	\$22,610
Expenditure Savings/ Cancelled Encumbrances	\$3,023	\$3,082	\$4,762	\$4,905	\$5,052	\$5,204
Carryover	\$4,690	\$4,136	\$4,911	\$9,650	\$17,536	\$27,814

Cautions for the Six-Year Financial Forecast

The Six-Year General Fund Forecast shows that both years of the biennium are balanced, albeit precariously. In 2003 and 2004 estimated expenditures exceed revenue. It is noteworthy that the 2003 budget is balanced only through the use of prior year carryover and the 2004 budget is balanced only by achieving additional savings in 2003. The Operating Surplus in 2003 is only \$1.7 million and the Operating Surplus in 2004 is only \$1.0 million. In 2003 and 2004 the challenge is to save at least approximately \$3.0 million and \$3.1 million, respectively.

In addition to the need for more savings to balance the budget, the City's General Fund reserve amount is low in comparison to the generally accepted public finance standard. A Government Finance Officers Association recommended standard is no less than 5% to 15% of General Fund revenue. The carryover amounts of \$4.7 million in 2003 and \$4.1 million in 2004, plus the estimated balance in the City's reserve, places the City below the mid-point of the recommended standard at approximately 8%. The City's current financial condition does not permit transfers from the General Fund to support one-time capital projects as has been done in the past unless drastic reductions are made in the General Fund operating budget or revenue far exceeds the estimates in 2003 and 2004.

General Fund Revenue Estimates in the 2003/2004 Biennial Budget

The General Fund revenue estimate for 2003, in the accompanying table below, is \$307.6 million, a 1.5% increase over the current revised 2002 estimate of \$303 million. The 2004 revenue estimate of \$315.5 million is a 2.6% increase over 2003. The four major General Fund revenue components are City Income Tax, State Shared Revenues (Estate Tax and Local Government Fund), Investments, and Property Taxes, all of which together comprise nearly 90% of City revenues.

2003/2004 General Fund Revenue Estimates (in \$000's)

Category	2001 Actual	2002 Estimate	2003 Budget	% change	2004 Budget	% change
City Income Tax	\$188,598	\$182,950	\$187,993	2.8%	\$195,490	4%
Property Tax	\$28,971	\$28,313	\$30,129	6.4%	\$31,001	2.9%
State Shared Taxes	\$51,544	\$50,707	\$50,817	.2%	\$50,610	-0.4%
Investments	\$12,976	\$11,430	\$7,800	-32%	\$8,000	2.5%
Other Revenues	<u>\$28,407</u>	<u>\$29,632</u>	<u>\$30,876</u>	4.2%	<u>\$30,421</u>	-1.5%
Total Revenues	\$310,496	\$303,032	\$307,615	1.5%	\$315,522	2.6%

City Income Tax. Income Tax revenue is budgeted to increase by 2.8% in 2003 over the estimate for 2002, and by 4% in 2004 over the 2003 estimate. The 2004 estimate is based on the Standard & Poor's DRI revised forecast using their model of the Cincinnati economy. It also includes the recommended taxation of visiting athletes and entertainers.

The General Fund receives 1.55% of the 2.1% locally levied tax applied to gross salaries, wages, and other personal service compensation earned by residents of the City and to earnings of non-residents earned in the City. It also applies to net income of business organizations for business conducted in the City. The income tax is the largest single source of General Fund revenue accounting for 61% of those revenues.

State Shared Revenues. State Shared Revenues are the second largest sources of revenue to the City General Fund accounting for 16% of City General Fund revenues. There are two major sources of these revenues: the Local Government Fund and the Estate Tax. The forecasted revenues for 2003 for the Estate Tax have been reduced by \$1 million to \$19.3 million due to the high volatile nature of this revenue. This revenue accounts for 6.5% of the General Fund. The tax is estimated to decline 4.1% in 2004 as the value of investments in estates declines given the recent performance of the stock market. The City received \$1 million more in Estate Tax revenue in 2002 than 2001.

The second source of state shared revenues is the Local Government Fund. The Local Government Fund revenues consist of portions of the State income, sales and use, public utility, and corporate franchise taxes allocated to a fund for distribution to local governments. Revenues grow based on growth in the state revenue sources. The entire State of Ohio absorbed a major cut in the Fund's allocation as the economic recession has hurt the State's revenue components. Under current legislation we can expect no improvement in the Local Government Fund until after July 2003. The fund is estimated to grow 4.1% in 2003 and 1.9% in 2004 anticipating a rebound in the economy.

Property Taxes. Property taxes account for 10% of the General Fund. The City Council established a 5.27 mills property tax rate which will generate \$30.1 million in 2003 an amount which is 6.4% higher than previous 2002 estimates. The 2004 estimate projects \$31.0 million.

Property taxes are levied on real property, public utilities property, and tangible property (equipment and inventory of business). The real property consists of residential, commercial, and industrial property.

Traditionally property tax revenue fluctuates due to the statutorily required sexennial reappraisal and the intervening third year review and appeals which are granted to taxpayers. The City Charter authorizes a property tax levy of up to 6.1 mills for current operating purposes. The City Council sets that rate annually in the Fall.

In addition, property taxes from public utility property are expected to be reduced because the taxable value of new public utility property is at a lower assessed value (25%) than that of existing utility property (88%) due to a 1993 change in State law. The portion of the property taxes from Tangible Personal Property will also be reduced over the next 25 years. Currently that property is valued at 25% of real value. The rate at which the inventory portion of this tax base is valued will decline by one percentage point each year for 25 years starting in 2003 until there is no personal property tax.

Investments. Investment earnings are anticipated to decrease by 32% in 2003 and increase 2.5% in 2004 because of investments made during the past year, a period of historically low interest rates. Available overnight interest rates are at a forty-one year low.

Others Revenues. This category includes charges for services, admissions taxes, licenses and permits, parking and traffic fines and miscellaneous revenues. These various revenues comprise about 10% of General Fund revenues. These revenues are estimated to increase in 2003 by 4.2% and decrease in 2004 by about 1.5%. Historically, these various revenues have grown slowly.

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Recommended General Fund Expenditure Highlights in the Biennial Budget

The recommended General Fund expenditure budget for 2003 is \$312.5 million, a 0.5% decrease from the 2002 budget of \$314 million. The 2004 expenditure budget of \$319.2 million is a 2.1% increase over 2003 - see the General Fund Budget Summary on page 41. The Departmental Budgets section of this document provides a detailed description of recommended budget and FTE changes from 2002, the following provides an overview of some of the more significant recommendations for 2003/2004.

The 2003 Operating Budget for all funds is generally based on an assumption of a 3% increase in personnel costs and a 2.9% increase in non-personnel costs. For 2004 the general personnel increase is 2.6% and there is no increase assumed in non-personnel costs.

The most significant General Fund budget impact is the reduction of 174.2 non-sworn FTE over the biennium. This is expected to save over \$6 million per year. Other significant changes are as follows:

Basic Services Focus

Basic City services are the focus of this budget. Citizens can be assured that safe and clean neighborhoods are a priority. Some of the continued and enhanced basic services included in the budget are as follows:

1. The City's Health Clinics and other primary health care programs are fully funded;
2. The plan to add 75 police officers is on track. Forty-five police officers will be added in 2003 and 15 more will be added in 2004. Total sworn strength will be 1,060 in 2004. In addition, the Police Department received a grant of approximately \$275,000 for police visibility overtime that will augment the \$500,000 already in the budget for this purpose;
3. Additional funds are in the budget for a Fire Lieutenant to serve as the City's Weapons of Mass Destruction Coordinator and the Fire Department will continue its efforts to secure funds for enhanced City security;
4. Weekly solid waste collection is funded at a continuation level in the biennium (see number 4 in the next section). Approximately \$220,000 is included for an enhanced litter pick-up program at 40 major intersections in the City. In addition to the basic level of service, these intersections will have litter pick-up an additional two times per month;
5. All parks and recreation facilities will remain open and operating at continuation levels;
6. Building code enforcement will continue and is enhanced through an additional \$100,000 in Community Development Block Grant funds. The Housing Court that will make building code violators more accountable will be operational in the biennium;
7. The Human Services Policy and the Arts Policy will be maintained in the biennium with human services receiving 1.5% of General Fund resources and the arts programs receiving 0.14% of General Fund resources;
8. The commitment of \$5 million for 20 years to the Cincinnati Public Schools (CPS) for facility improvements will continue in the biennium. We will continue to work with CPS

to align our budgeted capital improvements with the CPS facilities plan where possible;
and

9. Resources are budgeted to continue to implement 200 lane miles of street rehabilitation.

Organizational Changes and Budget Reductions

The most significant organizational changes and budget reductions include the following:

1. Transfer of the Street Sweeping program to the Stormwater Management Fund and implementation of managed competition for this function. Street sweeping reduces the debris which would otherwise enter the stormwater system. The transfer results in approximately a \$1.1 million savings in the General Fund;
2. The Health Department will transfer 19.5 FTE and some primary health functions to the Health Services Fund. The savings to the General Fund will be approximately \$1.5 million;
3. Elimination of the City Planning Department and programs that are not required by law. Mandatory zoning functions (Land Use Management) and Historic Conservation will be transferred to the Community Development Department. Community plans would no longer be routinely funded. Approximately \$704,320 is saved in the General Fund and 8.5 FTE are eliminated;
4. Suspension of the Yard Waste and Recycling programs for 2004 unless new resources are identified. These items would be collected in the regular trash pick-ups. For 2003, the Yard Waste and Recycling programs are funded from one-time resources. Approximately \$2 million is saved in the General Fund;
5. Elimination of the Office of Environmental Management. The Employee Safety program will be transferred to the Department of Human Resources, the remaining environmental compliance/planning including brownfields will be transferred to the Health Department, and air quality programs would be eliminated with the air monitoring function continuing as a countywide function. Title X of the municipal code will need to be changed. Approximately \$294,000 is saved in the General Fund and 4.0 FTE are eliminated;
6. Elimination of the Office of Contract Compliance and Administrative Hearings. The Contract Compliance program will be transferred to the Finance Department, the Equal Employment Opportunity program will be transferred to the Human Resources Department, and the Administrative Hearings program will be transferred to the Law Department. Approximately \$398,500 will be saved in the General Fund and 5.0 FTE will be eliminated;
7. The transfer of the Internal Audit function to the Finance Department. Approximately \$75,400 is saved in the General Fund and 1.0 FTE is eliminated;
8. The General Services Department will be eliminated. The divisions including the Convention Center, Fleet Services, and the Parking System will be managed by an Assistant City Manager. The Regional Computer Center will become a department and the City Facilities division will be transferred to the Public Services Department;

9. The Employment & Training function will be transferred to the Community Development Department and renamed the Workforce Development Division. Approximately \$10,350 is saved;
10. Public information functions in all departments will be eliminated and the function centralized in the City Manager's Office. Approximately \$350,000 will be saved in the General Fund and 5.0 FTE will be eliminated;
11. Beginning in 2004, the Nature Education Program in the Parks Department is eliminated. Although this program is popular, the City can no longer afford to pay for it. It is recommended that with a year lead-time, alternative funding can be secured;
12. Beginning in 2004, the Health Education Program in the Health Department is eliminated so the more basic services can continue. It is recommended that with a year lead-time, alternative funding can be secured;
13. Citywide, salary increases above 3%, longevity pay, and tuition reimbursement are suspended for non-represented employees (including executive staff) in 2003 to balance the budget. Approximately \$712,000 is saved in the General Fund. We will continue to be challenged by high health care cost increases in the next few years. City employees can be expected to pick up a larger share of the increase;
14. Training and non-local travel budgets are reduced in the General Fund for a savings of approximately \$600,200 in both years of the biennium;
15. The Neighborhood Support Program is reduced by \$260,000 and each neighborhood will receive \$5,000 annually; and
16. A managed competition report with recommendations is being submitted separately and is included in an appendix.

Employee Benefits and Pensions. The recommended Employee Benefits and Pensions budget for all General Fund employees is \$56.9 million for 2003, which is an increase of 1.7% from the 2002 budget. For 2004, employee benefit and pension costs of \$58.6 million are budgeted for no increase, except for health care which increases by approximately 8%. The overall increase from 2003 to 2004 is 3.0%. In 2003/2004, employee benefits are budgeted at approximately 23% of payroll. The City Retirement System contribution is 7.0% of payroll. Firefighters and Police Officers are not in the City pension system because they are required by state law to be in the State's Police and Firemen's Disability and Pension Fund. The employer contribution rate for Firefighters is 27% of salary and for Police Officers is 22% of salary.

Employee health care insurance, which is the second largest benefit cost after pensions, is budgeted to increase by approximately 10% in 2003 and 8% in 2004 and is approximately 9% of payroll. Employees will be asked to absorb more of the health care cost increase in the future. Workers' Compensation costs are not in the budget for 2003 or 2004. Due to the City's excellent experience factors, the fund balance can absorb the costs in the next biennium.

General Fund Reserve for Contingencies. The recommended Reserve for Contingencies budget is \$500,000 in 2003 and no reserve is budgeted in 2004. The 2003 amount is earmarked for street snow and ice control if the weather is more severe than normal. Any reserve in 2004 will have to result from further budget reductions or unanticipated revenue growth.

Non-Departmental Accounts. The most significant change is the addition of \$2.5 million in each year for implementation of the Police Collaborative and Department of Justice agreements.

Recommended General Fund Staffing

The General Fund staffing plan reduces the number of full time equivalent (FTE) positions by 115.0 in 2003 and increases by 0.8 FTE in 2004. The non-sworn reduction in 2003 is 160.0 FTE and for 2004 is 14.2. Of the General Fund non-sworn eliminated positions, 39.5 are filled, 70.2 are vacant, and the remaining net positions are transferred to other funds. In addition, there are 8 filled positions eliminated and 43 vacant positions eliminated in Restricted Funds. The staffing changes by department are explained in the Departmental Information section beginning on page 37. A listing of reductions by department and position is listed in an appendix.

2003/2004 General Fund Staffing Plan

	2002 Approved Budget	2003 Recommended Budget	Change From 2002	2004 Recommended Budget	Change From 2003
Police Sworn	1,000.0	1,045.0	45.0	1,060.0	15.0
Fire Sworn	787.0	787.0	0.0	787.0	0.0
Non-Sworn	<u>2,156.7</u>	<u>1,996.7</u>	<u>(160.0)</u>	<u>1,982.5</u>	<u>(14.2)</u>
Total General Fund	3,943.7	3,828.7	(115.0)	3,829.5	0.8

Fire Division Sworn Positions. The recommended 2003/2004 General Fund Biennial Budget includes no Fire recruit class in 2003 and one Fire recruit class in 2004. The Fire budget will allow for an average sworn strength of 799 in 2003 and the Fire Recruit class of 23 graduates in 2004 will allow for an average sworn strength of 795 in 2004. The *authorized strength* is a fixed number of sworn fire personnel as established by the City Council. City Council has set the authorized strength at 787 for 2003 and 787 for 2004. The actual Fire staffing may vary from those numbers as a result of the number of graduating Fire Recruits and the number of fire personnel who separate from service. The *average sworn strength* is the mathematical average of the number of sworn fire personnel for a given year. The following chart shows the authorized and average sworn strength.

Fire Division Sworn Staffing

	2002 Budget	2002 Projected	2003 Recommended	2004 Recommended
Authorized Strength	787	787	787	787
Average Sworn Strength	795	810	799	795

Police Sworn Positions. The recommended 2003/2004 General Fund Biennial Budget includes two Police recruit classes each year. This will result in recruit graduates over the biennium (63 each year) to allow an average sworn strength of 1,028 in 2003 and 1,042 in 2004. The *authorized strength* is a fixed number of sworn police personnel as established by the City Council. City Council has set the authorized strength at 1,045 for 2003 and 1,060 for 2004. The actual Police staffing may vary from those numbers as a result of the number of graduating Police Recruits and the number of police personnel who separate from service. The *average sworn strength* is the mathematical average of the number of sworn police personnel for a given year. The following chart shows the authorized and average sworn strength, including the average of the three summer months when more police officers are needed due to increased calls for service.

Police Division Sworn Staffing

	2002 Budget	2002 Projected	2003 Recommended	2004 Recommended
Authorized Strength	1,000	1,000	1,045	1,060
Average Sworn Strength	1,003	997	1,028	1,042
Summer Sworn Strength	1,016	998	1,035	1,054

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2003/2004 Restricted Funds Resources and Expenditures

The recommended 2003 operating expenditures for the Restricted Funds total \$408.8 million, which is an increase of 2.8% over the 2002 Restricted Funds budget. The recommended 2004 operating expenditures total \$412.1 million, which is an increase of 0.8% over the 2003 Restricted Funds recommended budget amount (See All Funds Operating Budget on page 8).

As with the General Fund, the Restricted Funds amounts increase primarily by inflation net of adjustments for reductions to management compensation. However, Federal mandates, new grants, as well as other exigencies, may result in some funds having increases over expected inflationary amounts. The increases beyond inflation are discussed in the individual fund sections that follow.

Appropriated Restricted Fund Revenue Estimates and Expenditures for 2003/2004

While all of the Appropriated Restricted Funds are balanced, several of the Appropriated Restricted Funds, for one or both years of the biennial, have estimated fund balances less than 2 months of estimated expenditures, which is a generally accepted public financial standard. These include: Municipal Golf Fund 105, Stormwater Management Fund 107, Street Construction, Maintenance, and Repair Fund 301, Income Tax Infrastructure Fund 302, Motor Vehicle Licence Tax Fund 306, Sawyer Point Fund 318, Recreation Special Activities Fund 323, Health Services Fund 395, and the Income Tax Transit Fund 759. These funds will be monitored closely and expenditure reductions may be required for the 2004 budget update.

There are some noteworthy changes in the revenue estimates and recommended expenditures for 2003 and 2004 compared to the 2002 budget. Descriptions of the Appropriated Restricted Fund changes for the 2003/2004 biennium follow in the Restricted Funds Resources and Expenditures section of this document.

Non-Appropriated Restricted Fund Expenditures for 2003/2004

At the bottom of the "All Funds Operating Budget" table on page 8 is a total for non-appropriated Restricted Fund operating budgets. These funds are typically grants or single purpose funds. Non-appropriated funds have ongoing authorization for expenditures within realized resources by virtue of the enabling legislation. The budgets are based on resources and are determined administratively without requiring the passage of annual appropriation ordinances.

The recommended 2003 non-appropriated Restricted Funds budget of \$18.7 million is \$1.0 million, or 5.2%, less than the 2002 approved budget. The reduction is primarily due to significant decreases in the Criminal Activities Forfeiture Fund 369 of \$626,260, the Drug Offender Fines Forfeiture Fund 370 of \$123,250, the Women & Infants Food Grant Program Fund 391 of \$223,770, the elimination of funding for the Temporary Assistance to Needy Families Grant 463 of \$673,280, and other net decreases totaling \$45,960. These reductions are primarily offset by an increase of \$672,870 in 2003 funding for the Workforce Investment Act Fund 464.

The 2004 operating budgets for the non-appropriated Restricted Funds of \$19.0 million change primarily by inflationary increase.

WATER WORKS FUND 101

(In \$000s)	2002 Budget	2002 Estimated Actual	2003 Estimated Budget	2004 Estimated Budget
Water Works - Fund 101				
Revenue	89,950	94,000	101,064	104,033
Prior Year Carryover	<u>43,703</u>	<u>45,796</u>	<u>41,510</u>	<u>37,408</u>
Resources	133,653	139,796	142,574	141,441
Operating Expenditures	85,764	85,764	92,612	96,020
Transfer to Capital	<u>12,522</u>	<u>12,522</u>	<u>12,554</u>	<u>12,321</u>
Resources Minus Expenditures	35,367	41,510	37,408	33,100

Description

Water Works Fund 101 supports the Cincinnati Water Works operations, capital improvements, repairs, and debt service expenditures without any General Fund support. The City owns and operates the entire system, funded by water user fees paid by City residents and customers in adjacent jurisdictions.

Major Services

- Water Works Administration
- Customer Services
- Water Supply
- Water Distribution
- Engineering Services
- Water Quality and Treatment

Revenues

The revenue estimates for the Water Works Fund 101 are \$101,064,000 for 2003 which is a 7.5% increase over 2002 estimated actual and \$104,033,000 for 2004 which is a 2.9% increase over 2003. These estimates are based on current rates and a planned rate increase of 2.0% in 2003 and 3.0% in 2004. The Water Works is now on an annual rate change schedule.

Expenditures

The total 2003 operating budget for the Water Works Fund of \$92,612,190 is an 7.9% increase over the 2002 budget and estimated actual. After considering inflationary increases and adjusting for reductions to management compensation, this increase is primarily due to the debt service budget for expanded capital investment, and to exceptional budget items that are a result of regulatory compliance issues, customer service initiatives, and E-Government solutions. The 2004 operating budget of \$96,020,420, which is a 3.7% increase over 2003, changes primarily by inflationary increases, and the debt service budget.

The 2003 transfer-to-capital amount of \$12,554,000 reflects a 0.2% increase in cash capital expenditures due to an expanded capital investment program. The 2004 cash transfer of \$12,321,000 reflects the overall continuation of planned capital expenditures. The combined cash funded and debt financed Water Works capital projects total \$66,743,300 for 2003 and \$64,292,500 for 2004.

PARKING SYSTEM FACILITIES FUND 102

(In \$000s)	2002 Budget	2002 Estimated Actual	2003 Estimated Budget	2004 Estimated Budget
Parking System Facilities - Fund 102				
Revenue	8,425	7,600	8,382	9,026
Transfers In		2,002		
Prior Year Carryover	<u>1,734</u>	<u>2,024</u>	<u>4,468</u>	<u>3,909</u>
Resources	10,159	11,626	12,850	12,935
Operating Expenditures	6,568	6,208	7,851	7,937
Transfer to Capital	<u>1,837</u>	<u>950</u>	<u>1,090</u>	<u>1,475</u>
Resources Minus Expenditures	1,754	4,468	3,909	3,523

Description

Parking System Facilities Fund 102 supports the operations of the City's public garages and parking lots and the payment of debt service incurred for capital improvements. Parking System Facilities operates as a system whereby the more profitable garages and parking lots support those in marginal and less profitable locations. The Parking System is self-supporting and does not receive any resources from the General Fund.

Major Services

- Provides clean, safe parking lots
- Provides clean, safe parking garages
- Supports regional transportation goals

Revenues

The revenue estimate for the Parking System Facilities Fund 102 is \$8,382,000 for 2003, which is 10.3% more than the estimated actual revenue in 2002. The decline in revenue from budget 2002 to estimated actual 2002 is the result of the economic downturn in the City. Additional revenue will be generated from the

new parking facility at 7th and Broadway, which is expected to become operational in May 2003. For 2004, a 7.7% revenue increase is projected, representing additional revenue from a full year of operating receipts from the new 7th and Broadway facility, and a 5% increase in parking rates as part of the continued implementation of the Parking Improvement Plan.

Expenditures

The total 2003 operating budget for Parking System Facilities Fund 102 of \$7,851,650 is a 19.5% increase over the 2002 budget and a 26.5% increase over 2002 estimated actual. The additional expenses are primarily related to additional operating costs and debt service for the new parking facility at 7th and Broadway. The 2004 operating budget of \$7,936,730 reflects inflationary increases.

The Parking Facilities Fund 102 supports cash transfers for capital expenditures of \$1,090,000 in 2003 and \$1,475,000 in 2004. Capital projects are for structural renovation and equipment replacement and upgrades.

CONVENTION CENTER FUND 103

(In \$000s)	2002 Budget	2002 Estimated Actual	2003 Estimated Budget	2004 Estimated Budget
Convention Center - Fund 103				
Revenue	4,100	4,800	4,500	4,500
Prior Year Carryover	<u>1,302</u>	<u>1,918</u>	<u>1,970</u>	<u>1,579</u>
Resources	5,402	6,718	6,470	6,079
Operating Expenditures	<u>5,401</u>	<u>4,748</u>	<u>4,891</u>	<u>4,962</u>
Resources Minus Expenditures	1	1,970	1,579	1,117

Description

Convention Center Fund 103 receives the fees charged for the use of the Convention Center and revenue from the Transient Occupancy Tax to pay for its operation, utilities, and maintenance. The Convention Center is operationally self-supporting with these funding sources and does not receive resources from the General Fund.

Major Services

The Convention Center provides space and support services for the following events:

- Conventions
- Conferences
- Trade shows
- Public expositions
- Meeting rooms
- Catered events

Revenues

The revenue estimate for the Convention Center Fund 103 in 2002 is 17% higher than the approved 2002 budget. The increase represents higher than expected revenue from food/beverage/rental receipts, and additional

revenue from an increase in the Transient Occupancy Tax rate. The revenue estimate for both 2003 and 2004 is \$4,500,000, which is a 6.3% decrease from the 2002 estimate. The estimate is lower because in 2003 and beyond receipts from the Transient Occupancy Tax rate increase will not be deposited into the Convention Center Fund because they will be directed toward the Convention Center expansion project.

Expenditures

The total 2002 estimated operating budget of \$4,748,000 is 12.1% less than the approved 2002 budget, primarily due to energy savings from lower natural gas costs and a new energy management system. Additional savings are anticipated from lower part-time labor costs because of fewer events. The 2003 and 2004 operating budgets reflect primarily inflationary increases.

GENERAL AVIATION FUND 104

(In \$000s)	2002 Budget	2002 Estimated Actual	2003 Estimated Budget	2004 Estimated Budget
General Aviation - Fund 104				
Revenue	1,600	1,800	1,750	1,750
Transfers In		116		
Prior Year Carryover	<u>964</u>	<u>1,334</u>	<u>1,344</u>	<u>1,210</u>
Resources	2,564	3,250	3,094	2,960
Operating Expenditures	1,410	1,391	1,454	1,477
Transfer to Capital	<u>515</u>	<u>515</u>	<u>430</u>	<u>460</u>
Resources Minus Expenditures	639	1,344	1,210	1,023

Description

General Aviation Fund 104 accounts for revenues from hangar rental and other fees at Lunken Airport. Expenditures from this fund support maintenance and general operation of the municipally-owned Lunken Airport. General Aviation is self-supporting and does not receive resources from the General Fund. Capital improvements for the airport are funded primarily from Federal Aviation Administration (FAA) grants.

Major Services

- Lunken Airport operation
- Facility development
- Business aircraft support
- Leisure aircraft support

Revenues

The revenue estimates for the General Aviation Fund 104 are \$1,750,000 for both 2003 and 2004, which is a 9.4% increase over 2002 budget and a 2.8% decline compared to estimated actual for 2002. The decline from the

2002 estimate reflects non-recurring revenue. These estimates are based on current rates and small fee increases in standard hangar and land lease provisions and an increase in the amount of leased space.

Expenditures

The total 2003 operating budget for the General Aviation Fund of \$1,453,830 is a 3.1% increase over the 2002 budget and a 4.5% increase over 2002 estimated actual. The 2004 operating budget of \$1,477,350 is a 1.6% increase over 2003. The operating budget changes primarily by inflationary increases.

The General Aviation Fund 104 provides local matching funds for capital projects financed by the Federal Aviation Trust Fund Program. An amount of \$200,000 is earmarked annually in the General Aviation Fund to provide matching funds for capital projects funded by the FAA. The Capital Budget includes \$430,000 and \$460,000 for 2003 and 2004, respectively to support the FAA match and other facility improvements.

MUNICIPAL GOLF FUND 105

(In \$000s)	2002 Budget	2002 Estimated Actual	2003 Estimated Budget	2004 Estimated Budget
Municipal Golf – Fund 105				
Revenue	6,700	6,200	6,450	6,450
Prior Year Carryover	<u>486</u>	<u>524</u>	<u>505</u>	<u>463</u>
Resources	7,186	6,724	6,955	6,913
Operating Expenditures	6,328	6,119	6,492	6,480
Transfer to Capital	0	71	0	0
Incentive Fee	<u>218</u>	<u>29</u>	<u>0</u>	<u>0</u>
Resources Minus Expenditures	640	505	463	433

Descriptions

Municipal Golf Fund 105 supports the operation of the City's privately managed golf courses, using receipts from fees charged for the use of the golf courses, driving ranges, golf carts, and concession purchases by golf patrons. The fund includes operations, capital improvements, and debt service.

Major Services

- Operation and Maintenance of Seven Golf Courses
- Junior Golf Programs
- League Play

Revenues

The revenue estimate for the Municipal Golf Fund 105 of \$6,450,000 for 2003 and 2004 is a 3.7% decrease from the 2002 budget which is in part due to a decrease in estimated golfing rounds, and the state of the golf economy. The 2003 and 2004 revenue estimate will increase by 4.0% over the 2002 estimated actual due to the

renegotiation of the management contract for the seven city courses and the anticipation of more golfing rounds. Savings are expected to be generated by the decrease in incentive fee payments in 2003 and 2004. The 2004 revenue amount remains at the 2003 level.

Expenditures

The total 2003 operating budget for the Municipal Golf Fund 105 of \$6,492,310, including debt service, is a 2.6% increase over the 2002 budget primarily due to inflationary and overhead charge increases. The 2003 operating budget increase of 6.1% over 2002 estimated actual is in anticipation of more golfing rounds. A plan to transfer carryover balance funds for capital projects will be developed in early 2003 pending final operating results of 2002. The 2004 operating budget remains relatively constant and decreases slightly by 0.18% when compared to 2003. If revenues continue to decline in this fund, the level of expenditures will need to be reduced accordingly in the future.

STORMWATER MANAGEMENT UTILITY FUND 107

(In \$000s)	2002 Budget	2002 Estimated Actual	2003 Estimated Budget	2004 Estimated Budget
Stormwater Management Utility - Fund 107				
Revenue	7,700	7,700	7,700	7,700
Transfers In	143	149		
Prior Year Carryover	<u>4,200</u>	<u>4,829</u>	<u>2,982</u>	<u>2,379</u>
Resources	12,043	12,678	10,682	10,079
Operating Expenditures	6,301	6,301	7,219	7,239
Transfer to Capital	<u>3,300</u>	<u>3,395</u>	<u>1,084</u>	<u>1,756</u>
Resources Minus Expenditures	2,442	2,982	2,379	1,084

Description

Stormwater Management Utility Fund 107 was established by the City Council in 1985 to account for the revenues and operating expenses of the Stormwater Management Utility in Cincinnati. Revenues are generated by a user fee determined by a formula using property area and land use based on an intensity of development factor. Expenditures primarily cover capital improvements; storm sewer maintenance and repair; and administrative costs of master planning, billing, regulation, and enforcement. The Stormwater Management Utility is self-supporting and does not receive any funding from the General Fund.

Major Services

- Flood Control
- Drainage Master Planning
- Capital Improvement Projects
- Regulation and Enforcement
- Permit Administration
- Routine and Remedial Maintenance

Revenues

The revenue estimates for the Stormwater Management Utility Fund 107 is \$7,700,000 for 2003 and 2004, which is no change from 2002. These estimates are based on current rates.

Expenditures

The total 2003 operating budget for the Stormwater Management Fund of \$7,219,230 is a 14.6% increase from the 2002 budget and estimated actual for 2002. After considering inflationary increases and adjusting for reductions to management compensation, the increase is due to the Mechanical Street Sweeping program now being funded out of Fund 107. This program will continue to be operated out of the Neighborhood Operations Division of the Public Services Department. The Mechanical Street Sweeping program has a \$993,330 budget. The small 0.3% increase for 2004 reflects a reduction for non-recurring costs.

The Stormwater Management Utility Fund 107 supports cash transfers for capital expenditures of \$1,084,000 in 2003 and \$1,756,000 in 2004 for the correction of drainage problems and storm drainage improvements, Duck Creek Flood Protection, and Barrier Dam repairs.

BOND RETIREMENT FUND 151

(In \$000s)	2002 Budget	2002 Estimated Actual	2003 Estimated Budget	2004 Estimated Budget
Bond Retirement - Fund 151				
Revenue	59,740	67,826	66,265	59,867
Prior Year Carryover	<u>250</u>	<u>4,545</u>	<u>2,531</u>	<u>2,879</u>
Resources	59,990	72,371	68,796	62,746
Operating Expenditures	<u>59,740</u>	<u>69,840</u>	<u>65,917</u>	<u>60,520</u>
Resources Minus Expenditures	250	2,531	2,879	2,226

Description

Bond Retirement Fund 151 pays the debt service on General Obligation bonds and notes issued to raise capital improvement funds.

Major Services

- Maintain records of general obligation debt.
- Receive taxes levied for debt service.
- Bill various agencies for self-supporting debt.
- Invest monies until needed to pay debt service payment.
- Schedule and pay debt service when due.

Revenues

The revenue estimates for the Bond Retirement Fund 151 are \$66,265,000 for 2003 which is a 2.3% decrease from the 2002 estimated actual amount and a 10.9% increase from the 2002 budget. Revenue in the Bond Retirement Fund will vary depending on

property tax revenue and other sources of debt repayment. The primary source of revenue for the fund is the 5.36 mills of property tax (over and above the 5.4 mills for the operating budget) levied against the assessed value of real and tangible property. By annual resolution, City Council authorizes the property tax rate required to be levied to service the expense related to administration of the Bond Retirement Fund, including the payment of principal and interest on certain City bonded indebtedness.

Expenditures

The 2003 expenditure budget is \$65,917,000 which is a 5.6% decrease from the 2002 estimated actual amount and a 10.3% increase from the 2002 budget. Expenditures will vary annually depending on the amount of principal and interest to be paid.

STREET CONSTRUCTION, MAINTENANCE, AND REPAIR FUND 301

(In \$000s)	2002 Budget	2002 Estimated Actual	2003 Estimated Budget	2004 Estimated Budget
Street Construction, Maintenance, and Repair - Fund 301				
Revenue	8,000	7,500	7,500	7,400
Prior Year Carryover	<u>1,302</u>	<u>1,794</u>	<u>1,117</u>	<u>712</u>
Resources	9,302	9,294	8,617	8,112
Operating Expenditures	<u>8,352</u>	<u>8,177</u>	<u>7,905</u>	<u>7,888</u>
Resources Minus Expenditures	950	1,117	712	224

Description

Street Construction, Maintenance, and Repair Fund 301 is used by the Public Services Department to supplement the maintenance and repair of the City's street system and traffic control devices. The funds are received from the State of Ohio from the motor vehicle license tax and gasoline taxes.

Major Services

- Street Maintenance
- Street Repair
- Snow Removal
- Street Signage

Revenues

The revenue estimate for the Street Construction, Maintenance, and Repair Fund 301 is \$7,500,000 for 2003, which is a 6.3% decrease from the 2002 budget and no increase compared with the 2002 estimated actual. Revenue for 2004 is a 1.3% decrease compared to 2003. These estimates are based on current

rates and additional proportionally shared taxes from the State of Ohio. The decline in revenue is attributed to fewer registered vehicles in the City.

Expenditures

The total recommended 2003 operating budget for the Street Construction, Maintenance, and Repair Fund of \$7,905,110 is a 5.3% decrease compared to the 2002 budget and a 3.3% decrease from 2002 estimated actual. After considering inflationary increases, the change from 2002 to 2003 is primarily related to the elimination of five positions, a reduction for management compensation, and reductions for materials and supplies totaling \$350,000. The recommended 2004 operating budget of \$7,888,940 decreases by 0.2% compared to 2003, primarily for position vacancy adjustments. With revenues declining, significant reductions will be required for this fund in the future.

INCOME TAX-INFRASTRUCTURE FUND 302

(In \$000s)	2002 Budget	2002 Estimated Actual	2003 Estimated Budget	2004 Estimated Budget
Income Tax-Infrastructure - Fund 302				
Revenue	12,686	12,100	12,302	12,786
Prior Year Carryover	<u>6,737</u>	<u>7,212</u>	<u>2,848</u>	<u>2,074</u>
Resources	19,423	19,312	15,150	14,860
Operating Expenditures	13,532	12,764	13,076	12,639
Transfers to Capital/Out	0	3,700	0	0
Resources Minus Expenditures	5,891	2,848	2,074	2,221

Description

Income Tax-Infrastructure Fund 302 accounts for receipts from the 0.1% increase in the Income Tax approved by voters in 1988 and for expenses for repair, upkeep, and improvements of the City's infrastructure. The Infrastructure Income Tax Ordinance requires that the City meet a commitment to appropriate at least \$59.3 million in 2003 and \$60.1 million in 2004 for yearly infrastructure needs from both the Operating and Capital programs. The Ordinance requires that 90% of these dollars be spent within three years of the original appropriation or the City will lose the 0.1% Infrastructure Earnings Tax.

Major Services

- Street Maintenance
- Bridge Maintenance
- Traffic Operations
- City Facility Maintenance
- Park and Recreation Facility Maintenance

Revenues

The revenue estimate for the Income Tax-Infrastructure Fund 302 is \$12,302,000 for 2003 which is a 3.0% decrease compared to the 2002 budget. This decline reflects the local economic downturn. For 2003, the revenue increases by 1.7% from the 2002 estimated actual and for 2004 the revenue increases by 3.9% in anticipation of an economic expansion.

Expenditures

The total recommended 2003 operating budget for the Income Tax-Infrastructure Fund of \$13,076,230 is a 3.4% decrease compared to the 2002 budget. After considering inflationary increases, the decrease is related to a \$400,000 reduction to the Crack and Slurry Seal Program. The recommended 2004 operating budget of \$12,638,790 is a 3.3% decrease compared to 2003. This decrease is primarily related to a reduction in debt service payments of \$939,380. This reduction is offset by the restoration of \$200,000 for the Crack and Slurry Seal Program.

PARKING METER FUND 303

(In \$000s)	2002 Budget	2002 Estimated Actual	2003 Estimated Budget	2004 Estimated Budget
Parking Meter - Fund 303				
Revenue	888	910	910	929
Prior Year Carryover	<u>1,943</u>	<u>2,046</u>	<u>2,243</u>	<u>1,064</u>
Resources	2,831	2,956	3,153	1,993
Operating Expenditures	<u>770</u>	<u>713</u>	<u>2,089</u>	<u>1,039</u>
Resources Minus Expenditures	2,061	2,243	1,064	954

Description

Parking Meter Fund 303 accounts for net receipts from the City's parking meters throughout the City, but primarily downtown. Expenditures are appropriated for selected operations in the Community Development Department, the Traffic and Road Operations Division of the Public Services Department, and the Traffic Engineering Division of the Department of Transportation and Engineering.

Major Services

- Traffic and Road Operations
- Economic Development

Revenues

The revenue estimates for the Parking Meter Fund 303 are \$910,000 for 2003 which is a 2.5% increase from 2002 budget and no increase from 2002 estimated actual because demand is expected to be flat. For 2004, the revenue increases by 2.1% to reflect increased demand

based on an expanding local economy. These estimates are based on current rates.

Expenditures

The total recommended 2003 operating budget for the Parking Meter Fund of \$2,089,440 is a 171.4% increase over the 2002 budget and a 193.0% increase over 2002 estimated actual. After considering inflationary increases, this change is due to the transfer of the Department of Parks' \$340,110 Greenspace Management Program from the General Fund to the Parking Meter Fund, the addition of \$60,000 to cover cleaning supplies for the new Enhanced Roadside Cleaning Program, and the addition of \$1,056,870 for partial funding of the yard waste and recycling programs in 2003 only. The recommended 2004 operating budget of \$1,039,340 is a 50.3% decrease compared to 2003, which reflects a reduction for non-recurring costs for the discontinued yard waste and recycling programs.

MOTOR VEHICLE LICENSE TAX FUND 306

(In \$000s)	2002 Budget	2002 Estimated Actual	2003 Estimated Budget	2004 Estimated Budget
Municipal Motor Vehicle License Tax - Fund 306				
Revenue	2,750	2,720	2,650	2,650
Prior Year Carryover	<u>440</u>	<u>635</u>	<u>788</u>	<u>468</u>
Resources	3,190	3,355	3,438	3,118
Operating Expenditures	<u>2,824</u>	<u>2,567</u>	<u>2,970</u>	<u>2,651</u>
Resources Minus Expenditures	366	788	468	467

Description

Municipal Motor Vehicle License Tax Fund 306 accounts for the receipts from the Motor Vehicle License Tax levied by the City and 50% of the receipts from the tax levied by Hamilton County. Fund expenditures are dedicated to repair, upkeep, and improvements to the City's right-of-way.

Major Services

- Street Maintenance
- Street Repair
- Snow Removal
- Street Signage

Revenues

The revenue estimates for the Municipal Motor Vehicle License Tax Fund 306 are \$2,650,000 for 2003 and 2004 which is a 2.6% decrease compared to 2002 estimated actual and a 3.6%

decrease compared to budget. These estimates are based on current rates. The decline in revenue is attributed to fewer registered vehicles in the City.

Expenditures

The total recommended 2003 budget for the Municipal Motor Vehicle License Tax Fund of \$2,969,900 is a 5.2% increase compared to the 2002 budget and a 15.7% increase compared to 2002 estimated actual. After considering inflationary increases, this increase is due to the transfer of positions from the General Fund to the Municipal Motor Vehicle License Tax Fund. The recommended 2004 operating budget of \$2,650,620 is a 10.7% decrease compared to 2003. This decrease is related to a \$360,000 reduction to the ice control and expert services budget.

SAWYER POINT FUND 318

(In \$000s)	2002 Budget	2002 Estimated Actual	2003 Estimated Budget	2004 Estimated Budget
Sawyer Point - Fund 318				
Revenue	1,100	825	925	950
Prior Year Carryover	<u>719</u>	<u>516</u>	<u>488</u>	<u>236</u>
Resources	1,819	1,341	1,413	1,186
Operating Expenditures	1,136	853	1,177	1,180
Resources Minus Expenditures	683	488	236	6

Description

Revenue to support the Sawyer Point Fund 318 is generated from waterfront fee-based programs, waterfront special activities and events, and concession purchases. In May of 1997, Jacor Broadcasting Corporation contracted with the Cincinnati Recreation Commission to produce Riverfest, Kidsfest, the All-American Birthday Party, and the Procter and Gamble Concert Series. This contractual arrangement reduces the expenses and net revenues associated with the Sawyer Point Fund.

Major Services

- Operation and maintenance of Central Riverfront
- Showboat Majestic
- Special events including Riverfest, Kidsfest, and concerts

Revenues

The revenue estimates for the Sawyer Point Fund 318 of \$925,000 for 2003 is a 15.9% decrease from the revenue in the 2002 budget primarily due to the loss of parking fees from employees of the Arthur Andersen firm who no longer are utilizing the department's parking facilities. The 2003

revenue estimate of \$925,000 increases by 12% over the 2002 estimated actual. Revenue for 2004 is 2.7% increase compared to 2003. These estimates are based on additional revenue that will be generated from increased fees for audio services in 2003 and 2004.

Expenditures

The total 2003 operating budget for the Sawyer Point Fund of \$1,177,360 is a 3.6% increase over the 2002 budget primarily due to inflationary increases and remains relatively constant in 2004. The 2003 operating budget is a 37.9% increase over the 2002 estimated actual and reflects an increase in activity which is expected to continue into 2004.

RECREATION SPECIAL ACTIVITIES FUND 323

(In\$000s)	2002 Budget	2002 Estimated Actual	2003 Estimated Budget	2004 Estimated Budget
Recreation Special Activities - Fund 323				
Revenue	3,050	3,050	3,050	3,050
Prior Year Cancellations	0	0	15	15
Prior Year Carryover	<u>531</u>	<u>488</u>	<u>388</u>	<u>204</u>
Resources	3,581	3,538	3,453	3,269
Operating Expenditures	3,150	3,150	3,249	3,252
Resources Minus Expenditures	<u>431</u>	<u>388</u>	<u>204</u>	<u>17</u>

Description

Special Activities Fund 323 accounts for the receipts and operating expenditures of recreation facility rentals, day camps, swimming pools, Schmidt boat ramp, concessions, and Recreation Center contract classes.

Major Services

- Citywide athletic programs
- Day and summer camps
- After school programs
- Swimming pools
- Recreation centers

Revenues

The revenue estimate for the Special Activities Fund 323 of \$3,050,000 for 2003 and 2004

remains the same amount as the 2002 budget and is the same as the 2002 estimated actual. This reflects the same rates and level of payments for programs and activities.

Expenditures

The total 2003 operating budget for the Special Activities Fund of \$3,249,780 is a 3.2% increase over the 2002 budget. The 2003 operating budget increase reflects budgeted personnel and non-personnel increases. For 2004, expenditures are increased only slightly to balance the fund.

HEALTH SERVICES FUND 395

(In \$000s)	2002 Budget	2002 Estimated Actual	2003 Estimated Budget	2004 Estimated Budget
Health Services – Fund 395				
Revenue	3,000	3,400	3,500	3,500
Prior Year Carryover	<u>468</u>	<u>1,568</u>	<u>1,909</u>	<u>766</u>
Resources	3,468	4,968	5,409	4,266
Operating Expenditures	<u>3,097</u>	<u>3,059</u>	<u>4,643</u>	<u>4,266</u>
Resources Minus Expenditures	371	1,909	766	0

Description

Health Services Fund 395 receives revenue from Medicare, Medicaid, and other third party payments for services rendered by the City's health clinics to qualifying patients. This fund supports a policy of wellness and preventive health maintenance to serve the health needs of citizens.

Major Services

- Adult Medical Services
- Pediatric Medical Services
- Dental Services
- OB/GYN Services
- Laboratory Testing
- Pharmaceutical Services
- Nutritional Services
- Social Services

Revenues

The revenue estimates for the Health Services Fund 395 are \$3,500,000 for 2003, representing a \$100,000 increase over 2002 estimated actual, and \$3,500,000 for 2004, representing no increase over the 2003 revenue estimate. In 2001 and 2002, revenue in this fund has increased significantly due to the recent legislative initiatives designed to expand eligibility requirements for the Children's Health Insurance Program (CHIP). Revenue is

expected to stabilize because of the State of Ohio's policy to enroll new Medicaid patients with the HMO. Changes in Medicare related to prescription drug coverage could potentially increase revenue in this fund. Legislation approving this addition does not seem likely to pass in the near future.

Expenditures

For 2003, the recommended Health Services Fund 395 operating budget, including employee benefits and General Fund overhead, is \$4,643,410. After considering inflationary increases and adjusting for reductions to management compensation, the additional expenditures represent normal medical costs that will be paid by the fund balance, plus \$150,000 for the Health Department's share of the City's malpractice insurance, and the transfer of 19.5 FTE from the General Fund to the Health Services Fund in 2003. Revenue and expenses in this fund will be monitored closely in 2003 and 2004, and adjustments will be made to offset any shortfall.

The total 2004 operating budget for the Health Services Fund 395 of \$4,266,920 is an 8.1% decrease from the 2003 budget. The reduction is necessary to balance the budget.

CABLE COMMUNICATIONS FUND 424

(In \$000s)	2002 Budget	2002 Estimated Actual	2003 Estimated Budget	2004 Estimated Budget
Cable Communications - Fund 424				
Revenue	2,575	2,450	2,400	2,400
Transfers In				
Prior Year Carryover	<u>3,749</u>	<u>3,948</u>	<u>1,980</u>	<u>1,045</u>
Resources	6,324	6,398	4,380	3,445
Operating Expenditures	1,590	1,537	1,621	1,664
Transfers to Capital	<u>2,881</u>	<u>2,881</u>	<u>1,714</u>	<u>1,280</u>
Resources Minus Expenditures	1,853	1,980	1,045	501

Description

The franchise fee applied to Time Warner Cable's gross revenues from Cincinnati subscribers supports the Cable Communications Fund 424. The Fund supports the Office of Cable Communications, which monitors Warner Cable service and produces programming for the City's government access channel. It also supports the Communication Technology Services section in the Regional Computer Center, which provides general City telecommunication services such as installation and repair of telephone systems and fiber optic cable, and radio and emergency communications.

Major Services

- Citywide telephone and voice mail systems
- Computer network support
- Citywide fiber optic network
- Police radio systems
- Emergency communications services
- City Cable government access channel and programs
- Monitoring of Time Warner Cable Contract

Revenues

The revenue estimate for the Cable Communications Fund 424 is \$2,400,000 for both 2003 and 2004, which is a 2.0% decrease when compared to the 2002 estimate and a 6.8% decrease from the 2002 budget. The projected reduction in revenue reflects the removal of cable modem service revenue from the base used to calculate the 5% franchise fee paid to the City by Time Warner Cable.

Expenditures

The total 2003 operating budget for the Cable Communications Fund 424 of \$1,620,720 is a 1.9% increase compared to the 2002 budget. The 2004 operating budget of \$1,663,790 is 2.7% more than the 2003 budget. After adjusting for reductions to management compensation, the increase in both 2003 and 2004 reflect inflationary increases.

The Cable Communications Fund 424 supports cash transfers for capital expenditures of \$1,714,000 in 2003 and \$1,280,000 in 2004. Funds will be used for enterprise-wide information technology infrastructure enhancements.

METROPOLITAN SEWER DISTRICT FUND 701

(In \$000s)	2002 Budget	2002 Estimated Actual	2003 Estimated Budget	2004 Estimated Budget
Metropolitan Sewer District - Fund 701				
Revenue	132,166	127,466	133,363	133,363
Prior Year Carryover	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Resources	132,166	127,466	133,363	133,363
Operating Expenditures	131,075	124,941	127,480	132,934
Resources Minus Expenditures	1,091	2,525	5,883	429
Transfers to Capital Reserves	1,091	2,525	5,883	429
Revenue Minus Expense & Transfers	0	0	0	0

Description

Metropolitan Sewer District Fund 701 supports the management and operation of the Metropolitan Sewer District (MSD). MSD is run by the City on behalf of Hamilton County. User fees charged to customers fund operating expenses and capital improvements.

Major Services

- Metropolitan Sewer District Administration
- Wastewater Treatment
- Wastewater Collection
- Industrial Waste Management
- Capital Improvement Planning and Implementation
- Engineering Services

Revenues

The revenue estimates for the Metropolitan Sewer District Fund 701 are \$133,363,000 for both 2003 and 2004, which is a 4.6% increase over 2002. MSD rate increases are the

responsibility of the Hamilton County Board of Commissioners. A cost-of-service rate study is currently underway.

Expenditures

The total 2003 operating budget for the Metropolitan Sewer District Fund of \$127,480,240 is a 2.7% decrease from the 2002 budget. After considering inflationary increases, this decrease is primarily due to estimated actual operating expenditures being lower than the 2002 budget. The 2003 budget is 2% greater than the 2002 estimated actual budget. The 2003 budget was based on the 2002 estimated actual operating budget. The 2004 operating budget of \$132,934,260, which is a 4.3% increase from 2003, changes primarily by inflationary increases, and the increased debt service budget.

INCOME TAX TRANSIT FUND 759

(In \$000s)	2002 Budget	2002 Estimated Actual	2003 Estimated Budget	2004 Estimated Budget
Income Tax-Transit - Fund 759				
Revenue	37,487	35,700	36,427	37,878
Prior Year Carryover	<u>5,870</u>	<u>6,086</u>	<u>3,616</u>	<u>3,607</u>
Resources	43,357	41,786	40,043	41,485
Operating Expenditures	38,087	38,070	36,336	37,760
Transfer to Capital	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Resources Minus Expenditures	5,170	3,616	3,607	3,625

Description

The Income Tax Transit Fund 759 accumulates the proceeds of the 0.3% of the (2.1% total) Income Tax established for City transit needs. The City of Cincinnati has a contract with the Southwest Ohio Regional Transit Authority (SORTA) to operate the bus system. The City's Transit Fund, along with fare box receipts, Federal and State grants, and miscellaneous revenues, provide the resources for the SORTA budget. The Transit Fund also supports transportation-related functions within City departments.

Major Services

- Metro bus service
- Access service for the disabled
- Mass transportation administration and planning

Revenues

The revenue estimates for the Income Tax Transit Fund 759 are \$36,427,000 for 2003 which is a 2.8% decrease compared to the 2002

budget and 2.0% increase from the 2002 estimate. The change is the result of the economic downturn in the City. The \$37,878,000 amount for 2004 is a 4.0% increase from 2003. These estimates are based on current rates and estimated income tax collections.

Expenditures

The total 2003 operating budget for the Income Tax Transit Fund of \$36,336,330 is a 4.6% decrease compared to the 2002 budget due to declining revenue. The biennial budget reflects \$200,000 in transfers for transportation capital related projects. The 2004 operating budget of \$37,759,790 is a 3.9% increase over 2003. A budget request was not submitted by SORTA during the development of the 2003-2004 budget. Therefore, an estimated budget of \$35,525,255 for 2003 and \$36,957,895 for 2004 is included until the actual SORTA budget submission can be reviewed.

Departmental Budgets

The City of Cincinnati Organization Chart provides the City's reporting authority.

The "All Funds Operating Budget Summary" on page 40 lists, by department, the recommended 2003/2004 All Funds Operating Budget compared to the 2002 All Funds Operating Budget. This table does not include internal service funds because the revenue is received from interdepartmental billing for services. For example, the City Hall printing services fund is not included because the in-house printing costs are already included in the non-personnel budgets of other departments. It would be a "double count" of costs to include internal service funds within the "All Funds Operating Budget Summary."

The "General Fund Budget Summary" on page 41 lists, by departments, the recommended 2003/2004 General Fund Operating Budget compared to the 2002 General Fund Operating Budget.

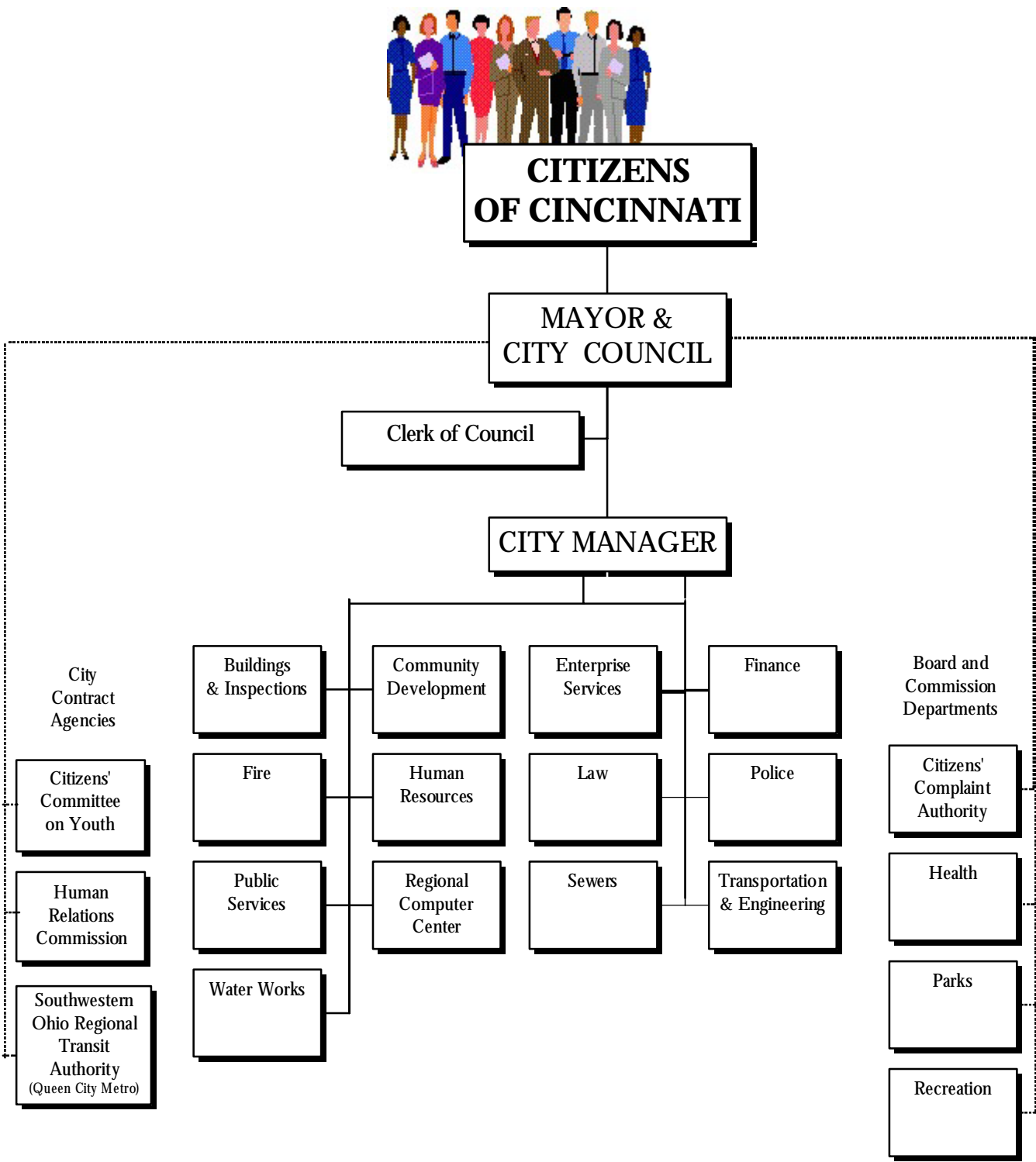
The "Staffing Plan" on page 42 lists, by department, the number of full-time equivalent (FTE) positions funded in the 2001 and 2002 budgets and recommended in the 2003/2004 biennial budget in the General Fund, Other Funds, and All Funds. Presented at the bottom of the "Staffing Plan" is a breakdown of the total number of authorized FTE for the Police Sworn and Fire Sworn.

The "Departmental Information" beginning on page 43 and include an explanation of budget changes, an expenditure and staffing summary table, and an explanation of staffing changes.

- The explanation of budget changes describes the significant budget changes included in the 2003/2004 recommended budget after considering inflationary increases and adjusting for reductions to management compensation. To continue 2002 services into 2003, departments are faced with making significant budget reductions while continuing to provide the same level and quality of services. This was done through creating operating efficiencies, deleting unnecessary positions and transferring other positions from the General Fund to Restricted Funds.
- The expenditure and staffing summary table includes the total cost for each department, by fund type, including employee benefits and other non-departmental costs as appropriate (debt service, motorized equipment, and General Fund Overhead). The explanation of budget changes focuses on the departmental part of the budget which includes personnel costs and supplies and services. Employee benefits and General Fund overhead are calculated as a percentage of personnel costs (approximately 23.0% and 7.7% respectively) and these percentages do not vary significantly among departments. Debt service and motorized equipment budget changes are described if they are significant.

- The expenditure and staffing summary table provides the 2002, 2003, and 2004 expenditure budgets for each department, as well as the All Funds recommended FTE over the three-year period.
- The explanation of staffing changes describes the 2003/2004 recommended staffing changes compared to the 2002 staffing plan for the department.

CITY OF CINCINNATI



All Funds Operating Budget Summary

Agency/Account	2001 Approved	2002 Approved	2003 Recommended	Change 2002 to 2003	2004 Recommended	Change 2003 to 2004
City Council	\$1,307,160	\$1,418,310	\$1,425,000	0.5%	\$1,438,590	1.0%
Office of the Mayor	188,170	462,490	442,990	-4.2%	446,000	0.7%
Clerk of Council	758,720	1,281,770	810,690	-36.8%	1,045,470	29.0%
City Manager	11,716,800	8,957,220	1,786,470	-80.1%	1,839,250	3.0%
Buildings & Inspections	5,659,310	5,489,630	5,295,590	-3.5%	5,455,980	3.0%
Citizens' Complaint Authority	538,670	578,020	560,210	-3.1%	583,730	4.2%
City Planning	1,537,250	1,492,320		-100.0%		
Community Development		9,376,170	15,247,150	62.6%	15,474,160	1.5%
Economic Development	2,694,590					
Enterprise Services			9,530,380		9,643,030	1.2%
Finance	10,843,010	10,763,450	10,664,850	-0.9%	11,006,670	3.2%
Fire	52,719,750	53,638,640	54,987,660	2.5%	56,501,970	2.8%
General Services	16,840,130	15,357,510		-100.0%		
Health	34,443,470	34,744,500	35,801,470	3.0%	35,674,730	-0.4%
Human Resources	2,410,880	2,351,110	2,129,100	-9.4%	2,191,560	2.9%
Law	4,642,130	5,184,790	5,007,180	-3.4%	5,127,450	2.4%
Neighborhood Services	7,779,950					
Parks	7,755,350	7,746,650	7,914,000	2.2%	8,131,010	2.7%
Police	82,413,360	85,258,450	86,742,260	1.7%	89,118,610	2.7%
Public Services	35,229,780	34,627,830	35,231,440	1.7%	33,820,030	-4.0%
Recreation	24,050,780	24,491,200	24,917,360	1.7%	25,015,800	0.4%
Regional Computer Center	5,552,190	5,446,630	5,218,650	-4.2%	5,299,180	1.5%
Safety Director	633,800					
Sewers	78,674,220	82,977,580	82,243,960	-0.9%	85,114,770	3.5%
SORTA	37,694,920	37,301,700	35,535,250	-4.7%	36,957,890	4.0%
Transportation and Eng.	4,938,530	6,898,730	9,581,960	38.9%	10,033,630	4.7%
Water Works	49,289,480	50,523,220	54,292,170	7.5%	55,914,530	3.0%
TOTAL ALL DEPARTMENTS	\$480,312,400	\$486,367,920	\$485,365,790	-0.2%	\$495,834,040	2.2%
Cincinnati Public Schools	\$5,000,000	\$5,000,000	\$5,000,000	0.0%	\$5,000,000	0.0%
Cinti Human Relations Comm	444,480					
Citizens Committee on Youth	904,790					
Debt Service	121,185,900	133,672,220	140,922,490	5.4%	138,449,380	-1.8%
Employee Benefits & Pensions	69,836,390	66,636,180	74,500,530	11.8%	76,893,650	3.2%
General Fund Overhead	5,998,260	6,356,400	6,464,760	1.7%	6,464,760	0.0%
Non-Departmental Accounts	3,238,320	12,939,120	8,577,570	-33.7%	8,621,090	0.5%
Reserve for Contingencies	1,350,000	850,000	500,000	-41.2%		-100.0%
TOTAL NON-DEPARTMENTAL	\$207,958,140	\$225,453,920	\$235,965,350	4.7%	\$235,428,880	-0.2%
GRAND TOTAL	\$688,270,540	\$711,821,840	\$721,331,140	1.3%	\$731,262,920	1.4%

General Fund Budget Summary

Agency/Account	2001 Approved	2002 Approved	2003 Recommended	Change 2002 to 2003	2004 Recommended	Change 2003 to 2004
City Council	\$1,307,160	\$1,418,310	\$1,425,000	0.5%	\$1,438,590	1.0%
Office of the Mayor	188,170	462,490	442,990	-4.2%	446,000	0.7%
Clerk of Council	758,720	1,281,770	810,690	-36.8%	1,045,470	29.0%
City Manager	4,040,340	4,579,750	1,454,890	-68.2%	1,496,680	2.9%
Buildings & Inspections	5,618,450	5,447,820	5,252,540	-3.6%	5,411,810	3.0%
Citizens' Complaint Authority	538,670	578,020	560,210	-3.1%	583,730	4.2%
City Planning	1,211,700	1,166,780		-100.0%		
Community Development	0	8,178,170	9,493,510	16.1%	9,704,070	2.2%
Economic Development	2,063,850					
Finance	8,903,720	8,697,360	8,539,600	-1.8%	8,854,460	3.7%
Fire	52,719,750	53,638,640	54,987,660	2.5%	56,501,970	2.8%
General Services	4,005,780	3,944,920		-100.0%		
Health	22,527,550	22,729,490	22,402,210	-1.4%	22,492,930	0.4%
Human Resources	2,261,690	2,198,550	1,975,780	-10.1%	2,030,430	2.8%
Law	4,215,860	4,754,940	4,564,010	-4.0%	4,674,170	2.4%
Neighborhood Services	7,133,030					
Parks	4,846,770	4,754,290	4,687,530	-1.4%	4,772,060	1.8%
Police	80,511,960	82,690,030	85,539,180	3.4%	87,915,530	2.8%
Public Services	21,028,510	21,497,470	20,273,680	-5.7%	20,215,280	-0.3%
Recreation	14,560,480	14,605,790	14,503,370	-0.7%	14,582,540	0.5%
Regional Computer Center	4,689,700	4,565,480	3,725,880	-18.4%	3,783,340	1.5%
Safety Director	633,800					
Transportation and Eng.	1,903,310	1,784,830	2,954,580	65.5%	3,069,450	3.9%
TOTAL ALL DEPARTMENTS	\$245,668,970	\$248,974,900	\$243,593,310	-2.2%	\$249,018,510	2.2%
Cincinnati Public Schools	\$5,000,000	\$5,000,000	\$5,000,000	0.0%	\$5,000,000	0.0%
Cinti Human Relations Comm	444,480					
Citizens' Committee on Youth	904,790					
Employee Benefits & Pensions	52,643,060	55,926,760	56,878,430	1.7%	58,607,580	3.0%
Non-Departmental Accounts	2,414,340	3,577,670	6,532,000	82.6%	6,532,000	0.0%
Reserve for Contingencies	1,000,000	500,000	500,000	0.0%		-100.0%
TOTAL NON-DEPARTMENTAL	\$62,406,670	\$65,004,430	\$68,910,430	6.0%	\$70,139,580	1.8%
GRAND TOTAL	\$308,075,640	\$313,979,330	\$312,503,740	-0.5%	\$319,158,090	2.1%

Staffing Plan

	General Fund				Other Funds				All Funds			
	2001	2002	2003	2004	2001	2002	2003	2004	2001	2002	2003	2004
City Council	28.0	27.0	27.0	27.0					28.0	27.0	27.0	27.0
Office of the Mayor	5.0	6.0	6.0	6.0					5.0	6.0	6.0	6.0
Clerk of Council	7.0	7.0	7.0	7.0					7.0	7.0	7.0	7.0
City Manager	42.1	38.0	15.0	15.0	15.8	16.4	4.0	4.0	57.9	54.4	19.0	19.0
Buildings & Inspections	111.1	107.1	101.1	101.1	0.9	0.9	0.9	0.9	112.0	108.0	102.0	102.0
Citizens' Complaint Auth.	10.0	10.0	9.7	9.7					10.0	10.0	9.7	9.7
City Planning	20.5	20.5			6.0	5.0			26.5	25.5		
Community Development		37.5	45.1	45.1		25.0	35.1	35.1		62.5	80.2	80.2
Economic Development	21.5								21.5			
Enterprise Services							237.2	237.2			237.2	237.2
Finance	141.0	135.0	135.0	135.0	54.2	55.0	51.0	51.0	195.2	190.0	186.0	186.0
Fire	842.5	842.0	848.8	853.6					842.5	842.0	848.8	853.6
General Services	50.0	36.0			277.5	266.9			327.5	302.9		
Health	378.6	370.2	357.4	347.4	166.0	170.2	187.1	187.1	544.6	540.4	544.5	534.5
Human Resources	34.2	34.2	31.2	31.2	3.0	3.0	6.0	6.0	37.2	37.2	37.2	37.2
Law	79.0	77.0	72.2	72.2	6.5	6.5	7.0	7.0	85.5	83.5	79.2	79.2
Neighborhood Services	20.5				26.0				46.5			
Parks	114.3	107.5	104.3	90.5	43.8	43.8	44.8	44.8	158.1	151.3	149.1	135.3
Police	1,337.4	1,332.4	1,377.2	1,397.0	2.0	2.0			1,339.4	1,334.4	1,377.2	1,397.0
Public Services	326.5	300.5	258.5	258.5	220.9	244.9	289.9	289.9	547.4	545.4	548.4	548.4
Recreation	370.4	363.8	347.2	347.2	93.1	102.5	106.5	106.5	463.5	466.3	453.7	453.7
Regional Computer Ctr.					202.8	203.8	201.0	201.0	202.8	203.8	201.0	201.0
Safety Director	6.5								6.5			
Sewers					753.0	752.0	724.0	724.0	753.0	752.0	724.0	724.0
Transportation and Eng.	93.0	92.0	86.0	86.0	71.0	83.5	111.0	111.0	164.0	175.5	197.0	197.0
Water Works					634.8	634.8	645.9	640.9	634.8	634.8	645.9	640.9
TOTAL	4,039.1	3,943.7	3,828.7	3,829.5	2,577.3	2,616.2	2,651.4	2,646.4	6,616.4	6,559.9	6,480.1	6,475.9
Police Sworn	1,000.0	1,000.0	1,045.0	1,060.0					1,000.0	1,000.0	1,045.0	1,060.0
Fire Sworn	787.0	787.0	787.0	787.0					787.0	787.0	787.0	787.0
Non-Sworn	2,252.1	2,156.7	1,996.7	1,982.5	2,577.3	2,616.2	2,651.4	2,646.4	4,829.4	4,772.9	4,648.1	4,628.9

CITY COUNCIL

Expenditure (in \$) and Staffing (in FTE) Summary					
	2002	2003	Change	2004	Change
General Fund	\$1,418,310	\$1,425,000	0.5%	\$1,438,590	1.0%
Restricted Funds					
Total	\$1,418,310	\$1,425,000	0.5%	\$1,438,590	1.0%
Total With Employee Benefits	\$1,640,190	\$1,647,480	0.4%	\$1,664,010	1.0%
All Funds Staffing	27.0	27.0	0.0	27.0	0.0

Explanation of Budget Changes

The City Council's 2003 all funds departmental budget of \$1,425,000, not including employee benefits, is a 0.5% increase from the 2002 budget. The budget consists of \$521,040 in salaries for the Councilmembers and \$100,440 for each of the nine Councilmember offices. The budget change is primarily due to a 1.3% salary increase for the nine elected officials and no increase to the budget of the Councilmember offices. Councilmember salaries are established by law as 75% of a County Commissioner's salary. The County Commissioners receive a salary increase of the lesser amount based on the change in the Consumer Price Index or 3.0%. The Consumer Price Index as of September 30, 2002 was 1.3%. The 2004 departmental budget increases the Councilmember salaries which are set by law and holds the remainder of the budget at no increase.

Explanation of Staffing Changes

General Fund	0.0	Restricted Funds	0.0	All Funds	0.0
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The total recommended FTE is 27.0 for 2003 and 2004 which is the same as the 2002 budget.

OFFICE OF THE MAYOR

Expenditure (in \$) and Staffing (in FTE) Summary					
	2002	2003	Change	2004	Change
General Fund	\$462,490	\$442,990	-4.2%	\$446,000	0.7%
Restricted Funds					
Total	\$462,490	\$442,990	-4.2%	\$446,000	0.7%
Total With Employee Benefits	\$551,370	\$527,540	-4.3%	\$531,350	0.7%
All Funds Staffing	6.0	6.0	0.0	6.0	0.0

Explanation of Budget Changes

The Office of the Mayor's all funds 2003 departmental budget of \$442,990, not including employee benefits, is a 4.2% decrease from the 2002 budget. After considering inflationary increases and a 1.3% increase in the salary of the Mayor which is set by law, the 2003 budget change is due primarily to a voluntary 7% reduction in the Office of the Mayor. The 2004 departmental budget increases the Mayor's salary which is set by law and holds the remainder of the budget at no increase.

Explanation of Staffing Changes

General Fund	0.0	Restricted Funds	0.0	All Funds	0.0
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The total recommended FTE is 6.0 for 2003 and 2004 which is the same as the 2002 budget.

CLERK OF COUNCIL

Expenditure (in \$) and Staffing (in FTE) Summary					
	2002	2003	Change	2004	Change
General Fund	\$1,281,770	\$810,690	-36.8%	\$1,045,470	29.0%
Restricted Funds					
Total	\$1,281,770	\$810,690	-36.8%	\$1,045,470	29.0%
Total With Employee Benefits	\$1,345,110	\$870,630	-35.3%	\$1,109,570	27.4%
All Funds Staffing	7.0	7.0	0.0	7.0	0.0

Explanation of Budget Changes

The Office of the Clerk of Council's all funds 2003 departmental budget of \$810,690, not including employee benefits, is a 36.8% decrease from the 2002 budget. After considering inflationary increases and adjusting for reductions to management compensation and General Fund training and non-local travel, the budget decrease is primarily due to the reduction of \$550,000 in the election expenses for the City Council general election that is budgeted every other year and the Mayor's primary election that is budgeted every four years (payment is made in the year after the election) and the addition of \$85,000 for the 2002 Charter election. The 2004 budget is a 29.0% increase from the 2003 budget. After considering inflationary increases, this increase is due to the Board of Election expenses for the 2003 City Council general election. The Board of Elections is estimating that it will cost \$300,000 to fund the City Council general election in November 2003 (payment is made in the year after the election).

Explanation of Staffing Changes

General Fund	0.0	Restricted Funds	0.0	All Funds	0.0
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The total recommended FTE is 7.0 for 2003 and 2004 which is the same as the 2002 budget.

CITY MANAGER

Office of the City Manager

Expenditure (in \$) and Staffing (in FTE) Summary					
	2002	2003	Change	2004	Change
General Fund	\$1,255,020	\$1,454,890	15.9%	\$1,496,680	2.9%
Restricted Funds		\$331,580		\$342,570	3.3%
Total	\$1,255,020	\$1,786,470	42.3%	\$1,839,250	3.0%
Total With Employee Benefits	\$1,418,750	\$2,027,240	42.9%	\$2,091,990	3.2%
All Funds Staffing	9.5	19.0	9.5	19.0	0.0

Explanation of Budget Changes

The Office of the City Manager's all funds 2003 departmental budget of \$1,786,470, not including employee benefits, is a 42.3% increase from the 2002 budget. After considering inflationary increases and adjusting for reductions to management compensation and General Fund training and non-local travel, the General Fund budget change is primarily due to an increase of \$105,000 for an Assistant City Manager position, \$90,190 for an Assistant to the City Manager position to assist the City Manager with economic development, \$90,190 for an Assistant to the City Manager to perform Public Information duties, and three additional administrative personnel. This increase is offset by reductions in both personnel and non-personnel totaling \$22,400.

As part of the citywide reorganization plan, CitiCable will be transferred to the Office of the City Manager from the General Services Department. A total of \$331,580 from the Cable Communications Fund is added to the departmental budget.

The 2004 budget changes primarily by inflationary increases.

Explanation of Staffing Changes

General Fund	5.5	Restricted Funds	4.0	All Funds	9.5
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The total all funds recommended FTE is 19.0 for 2003 and 2004 which is an increase of 9.5 FTE from the 2002 budget. The General Fund net increase of 5.5 FTE reflects a 0.5 FTE reduction for the Citizens' Police Review Panel, an addition of 3.0 FTE for senior staff positions, and an addition of 3.0 FTE for administrative personnel. The transfer in of the CitiCable operations results in an addition of 4.0 FTE in the Restricted Funds.

CITY MANAGER

Contract Compliance and Administrative Hearings

Expenditure (in \$) and Staffing (in FTE) Summary					
	2002	2003	Change	2004	Change
General Fund	\$923,680		-100.0%		
Restricted Funds	\$76,360		-100.0%		
Total	\$1,000,040		-100.0%		
Total With Employee Benefits	\$1,176,360		-100.0%		
All Funds Staffing	16.2		(16.2)		

Explanation of Budget Changes

The operating budget for the Office of Contract Compliance and Administrative Hearings does not carry over into 2003 in the Office of the City Manager. As part of the citywide reorganization and focus on basic services, the Office of Contract Compliance & Administrative Hearings is being decentralized. The Office of Contract Compliance will be moved to the Purchasing Division of the Finance Department. Administrative Hearings will be transferred to the Law Department, and the Equal Employment Opportunity Office is moved to the Department of Human Resources.

Explanation of Staffing Changes

General Fund	(15.2)	Restricted Funds	(1.0)	All Funds	(16.2)
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A total of 5.0 General Fund FTE, including the Director's position, are eliminated as part of the citywide reorganization plan. Subsequently, 6.0 General Fund FTE and 1.0 Restricted Fund FTE associated with the Office of Contract Compliance are being transferred to the Purchasing Division of the Finance Department, 3.2 General Fund FTE associated with Administrative Hearings are being transferred to the Law Department, and 1.0 General Fund FTE associated with the Equal Employment Opportunity Office is being transferred to the Department of Human Resources.

CITY MANAGER

Employment and Training Division

Expenditure (in \$) and Staffing (in FTE) Summary					
	2002	2003	Change	2004	Change
General Fund	\$1,543,880		-100.0%		
Restricted Funds	\$4,077,490		-100.0%		
Total	\$5,621,370		-100.0%		
Total With Employee Benefits	\$5,702,560		-100.0%		
All Funds Staffing	5.7		(5.7)		

Explanation of Budget Changes

The operating budget for the Employment and Training Division does not carry over into 2003 in the Office of the City Manager. As part of the citywide reorganization plan, this Division is transferred to the Department of Community Development. After considering inflationary increases and adjusting for reductions to management compensation and General Fund training and non-local travel, the following changes in the General Fund are recommended: 1) a reduction of \$79,640 (10%) from the Citizens' Committee on Youth's operating contract; and 2) a reduction of \$23,880 (21%) in the Division's non-service contract operating budget. Additional General Fund savings in the net amount of \$10,350 result from the elimination of the Employment and Training Manager position as part of the reorganization plan. The function will be supervised with a less costly position. There are no significant changes in Restricted Funds. The recommended change in the 2003 Restricted Funds includes an increase of \$672,870 in the Workforce Investment Act Grant Fund, which offsets the termination of the Temporary Assistance to Needy Families Grant. The remaining balance in the Employment and Training Division is being transferred to the Department of Community Development.

Explanation of Staffing Changes

General Fund **(1.4)** **Restricted Funds** **(4.3)** **All Funds** **(5.7)**

As part of the citywide reorganization plan, the Employment and Training Manager's position is eliminated. The remaining 1.1 FTE in the General Fund and 3.6 FTE in Restricted Funds are transferred to the Department of Community Development.

CITY MANAGER

Office of Environmental Management

Expenditure (in \$) and Staffing (in FTE) Summary					
	2002	2003	Change	2004	Change
General Fund	\$390,330		-100.0%		
Restricted Funds	\$223,620		-100.0%		
Total	\$613,950		-100.0%		
Total With Employee Benefits	\$691,800		-100.0%		
All Funds Staffing	15.0		(15.0)		

Explanation of Budget Changes

The operating budget for the Office of Environmental Management does not carry over into 2003 in the Office of the City Manager. As part of the citywide reorganization and focus on basic services, the Office of Environmental Management is being decentralized. Environmental and solid waste planning functions are to be assumed by the Health and Public Services Departments, respectively. The Employee Safety Program is being moved to the Department of Human Resources. The Air Quality Program is discontinued.

Explanation of Staffing Changes

General Fund	(4.0)	Restricted Funds	(11.0)	All Funds	(15.0)
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A total of 4.0 General Fund FTE, including the Director's position, and 7.0 Restricted Fund FTE are eliminated as part of the citywide reorganization plan. Subsequently, 3.0 FTE from Restricted Funds associated with the Employee Safety Program are being transferred to the Human Resources Department and 1.0 Restricted Fund FTE is being transferred to the Health Department.

CITY MANAGER

Internal Audit Division

Expenditure (in \$) and Staffing (in FTE) Summary					
	2002	2003	Change	2004	Change
General Fund	\$466,840		-100.0%		
Restricted Funds					
Total	\$466,840		-100.0%		
Total With Employee Benefits	\$552,060		-100.0%		
All Funds Staffing	8.0		(8.0)		

Explanation of Budget Changes

The operating budget for the Internal Audit Division does not carry over into 2003 in the Office of the City Manager. The Internal Audit Division is part of the citywide reorganization, and it is being transferred from the City Manager's Office to the Finance Department. After considering inflationary increases and adjusting for reductions to management compensation and General Fund training and non-local travel, the budget change is primarily due to a decrease of \$49,570 for the reduction of one Senior Internal Auditor position and associated non-personnel costs. The remaining balance in the Internal Audit Division budget is transferred to the Finance Department.

Explanation of Staffing Changes

General Fund	(8.0)	Restricted Funds	0.0	All Funds	(8.0)
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A total of 6.0 FTE are being transferred to the Finance Department as part of the citywide reorganization plan. A transfer of 1.0 FTE in the General Fund was made to the Office of the City Manager during 2002 and a reduction of 1.0 FTE in the General Fund was made prior to the transfer.

DEPARTMENT OF BUILDINGS AND INSPECTIONS

Expenditure (in \$) and Staffing (in FTE) Summary					
	2002	2003	Change	2004	Change
General Fund	\$5,447,820	\$5,252,540	-3.6%	\$5,411,810	3.0%
Restricted Funds	\$41,810	\$43,050	3.0%	\$44,170	2.6%
Total	\$5,489,630	\$5,295,590	-3.5%	\$5,455,980	3.0%
Total With Employee Benefits	\$6,615,910	\$6,391,580	-3.4%	\$6,589,060	3.1%
All Funds Staffing	108.0	102.0	(6.0)	102.0	0.0

Explanation of Budget Changes

The Buildings and Inspections Department's all funds 2003 departmental budget of \$5,295,590, not including employee benefits, is a 3.5% decrease from the 2002 budget. After considering inflationary increases and adjusting for reductions to management compensation and General Fund training and non-local travel, the 2003 budget changes primarily by a reduction of \$326,000 for 6.0 FTE and the reimbursement of \$100,000 (for 2.0 FTE) from CDBG Fund 304 for increased concentrated code enforcement. The 2004 budget changes primarily by inflationary increases.

Explanation of Staffing Changes

General Fund	(6.0)	Restricted Funds	0.0	All Funds	(6.0)
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The total recommended FTE is 102.0 for 2003, which is a decrease of 6.0 FTE from the 2002 approved budget. This reduction reflects a General Fund decrease of 6.0 FTE. The FTE is 102.0 for 2004, which is the same as the 2003 FTE level.

CITIZENS' COMPLAINT AUTHORITY

Expenditure (in \$) and Staffing (in FTE) Summary					
	2002	2003	Change	2004	Change
General Fund	\$578,020	\$560,210	-3.1%	\$583,730	4.2%
Restricted Funds					
Total	\$578,020	\$560,210	-3.1%	\$583,730	4.2%
Total With Employee Benefits	\$697,290	\$669,530	-4.0%	\$698,460	4.3%
All Funds Staffing	10.0	9.7	(0.3)	9.7	0.0

Explanation of Budget Changes

The Citizens' Complaint Authority is a restructured organization, formerly the Office of Municipal Investigations. The Citizens' Complaint Authority will replace the Citizen Police Review Panel and the police investigation functions of the Office of Municipal Investigations. The Citizens' Complaint Authority's all funds 2003 departmental budget of \$560,210, not including employee benefits, is a 3.1% decrease from the Office of Municipal Investigations' 2002 budget. After considering inflationary increases and adjusting for reductions to management compensation and General Fund training and non-local travel, the 2003 budget changes primarily by the addition of personnel and non-personnel costs associated with the Citizens' Complaint Authority, including panel members salary and training expenses, and a reduction of an Investigator position. As part of the citywide reorganization an Investigator is transferred to the Human Resources Department to perform municipal non-police investigations. The 2004 budget changes primarily by inflationary increases.

Explanation of Staffing Changes

General Fund	(0.3)	Restricted Funds	0.0	All Funds	(0.3)
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The total recommended FTE is 9.7 for 2003 which is a decrease of 0.3 FTE from the 2002 budget. The decrease is due to the transfer of 1.0 FTE for an Investigator to the Department of Human Resources to conduct municipal non-police investigations and the addition of 0.7 FTE for the Citizens' Complaint panel for the purpose of complying with the Policing agreements.

DEPARTMENT OF CITY PLANNING

Expenditure (in \$) and Staffing (in FTE) Summary					
	2002	2003	Change	2004	Change
General Fund	\$1,166,780		-100.0%		
Restricted Funds	\$325,540		-100.0%		
Total	\$1,492,320		-100.0%		
Total With Employee Benefits	\$1,783,870		-100.0%		
All Funds Staffing	25.5		(25.5)		

Explanation of Budget Changes

The operating budget for the City Planning Department does not carry over into 2003. As part of the citywide reorganization plan, the City Planning Department has been eliminated and staff from the Land Use Management Section (7.0 FTE) and staff from the Historic Conservation Section (7.0 FTE) have been transferred to the Department of Community Development. After considering inflationary increases and adjusting for reductions to management compensation and General Fund training and non-local travel, the following changes in the General Fund are recommended: 1) \$129,300 in personnel savings resulting from the elimination of three vacant Senior City Planner positions and staff time reimbursement from the Police Collaborative effort; 2) additional General Fund savings in the amount of \$594,600 resulting from the elimination of the City Planning Director's position (1.0 FTE) and remaining staff positions (7.5 FTE), as well as reductions in non-personnel expenses.

After considering inflation increases and adjusting for reductions to management compensation, there is no change recommended in Restricted Funds for 2003 from the 2002 approved budget.

Budget amounts for 2003 and 2004 for the Land Use Management and Historic Conservation sections are included in the Department of Community Development's budget summary.

Explanation of Staffing Changes

General Fund	(20.5)	Restricted Funds	(5.0)	All Funds	(25.5)
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Prior to the citywide reorganization, the total recommended FTE is 22.5 for 2003 and 2004, which is a decrease of 3.0 FTE from the 2002 budget of 25.5 FTE. This is due to the elimination of 3 vacant Senior City Planner FTE. As part of the citywide reorganization 14.0 FTE are transferred to the Department of Community Development and 8.5 FTE, including the City Planning Director FTE, will be eliminated.

DEPARTMENT OF COMMUNITY DEVELOPMENT

Expenditure (in \$) and Staffing (in FTE) Summary					
	2002	2003	Change	2004	Change
General Fund	\$8,178,180	\$9,493,510	16.1%	\$9,704,070	2.2%
Restricted Funds	\$1,198,000	\$5,753,640	380.3%	\$5,770,090	0.3%
Total	\$9,376,180	\$15,247,150	62.6%	\$15,474,160	1.5%
Total With Employee Benefits	\$9,689,620	\$15,814,310	63.2%	\$16,072,050	1.6%
All Funds Staffing	62.5	80.2	17.7	80.2	0.0

Explanation of Budget Changes

The Department of Community Development's all funds 2003 departmental budget of \$15,247,150, not including employee benefits, is a 62.6% increase over the 2002 budget. After considering inflationary increases and adjusting for reductions to management compensation and General Fund training and non-local travel, the budget change is primarily due to the merger of the Employment & Training Division of the City Manager's Department and the Land Use Management and the Historic Conservation Sections of the City Planning Department into the Department of Community Development. The 2003 General Fund budget of \$9,493,510, not including employee benefits, is a 16.1% increase over the 2002 budget. The 2003 General Fund budget includes funding in the amount of \$4,630,350 for the Human Services Policy, an additional \$2,013,910 resulting from the merger of other agencies into the Department, and net additional funding of \$101,000 for three vacant professional positions, two of which are exchanged with two positions from CDBG Fund 304. Increases are offset by \$834,980 in decreased funding for various professional service contracts administered by the Department (see attached table on page 62), \$26,000 in decreased funding for property tax expense, and \$36,860 in personnel savings realized from the elimination of a vacant clerical position.

The 2003 Restricted Funds budget of \$5,753,640 is a 380.3% increase over the 2002 budget. After considering inflationary increases and adjusting for reductions to management compensation, the budget changes are primarily due to the addition of \$4,005,100 in Workforce Investment Act (WIA) grant funds, \$74,070 in Income Tax-Transit funds, and \$325,530 in additional Community Development Block Grant (CDBG) funds as a result of the merger of the Employment & Training Division of the City Manager's Department and the Historic Conservation Section of the City Planning Department into the Department of Community Development.

General Fund Arts Policy. The recommended 2003 Arts Policy funding amount is \$432,170 which is .14% of the 2003 General Fund revenue estimate of \$307.1 million. The recommended 2004 Arts Policy funding amount is \$441,000, an increase of \$8,830 over the 2003 amount based on a 2004 General Fund revenue estimate of \$315.0 million.

General Fund Human Services Policy. The recommended 2003 Human Services Policy funding amount is \$4,630,350, which is 1.5% of the 2003 General Fund revenue estimate of \$307.1 million. This amount includes \$72,180 for non-personnel costs, \$370,840 for personnel costs, and \$4,187,330 for contractual services. The recommended 2004 Human Services Policy funding amount is \$4,724,410, an increase of \$84,420 over the 2003 amount based on a 2004 General Fund revenue estimate of \$315.0 million. Programs include basic emergency intervention and treatment services along with services promoting self-care and the overall enhancement of the quality of life for program participants. A table citing Human Services Policy contracts for the 2003-2004 biennium immediately follows this summary.

CHRC & CCY. The Department administers the City's contract with the Cincinnati Human Relations Commission. The Cincinnati Human Relations Commission's (CHRC) 2003 General Fund budget of \$389,440 reflects a decrease of \$43,270 from the 2002 budget amount. The Community Development Block Grant budget provides \$25,000 in funding to CHRC in 2003 for continued funding of the Back-on-the-Block Program.

As a result of the reorganization in 2003, the Department will now administer the City's contracts with the Citizens' Committee on Youth. The Citizens' Committee on Youth's (CCY) 2003 General Fund allocation of \$736,090 reflects a reduction of \$79,640 from the 2002 budget. The Community Development Block Grant budget includes \$900,000 in 2003 for continued funding of the Juvenile Delinquency Prevention Program and the It Takes a Village Parenting Program.

Explanation of Staffing Changes

General Fund	7.6	Restricted Funds	10.1	All Funds	17.7
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The total recommended FTE is 80.2 for 2003 and 2004, an increase of 17.7 FTE from the 2002 budget. The 7.6 FTE net increase in the General Fund results from the addition of 1.1 FTE in Workforce Development staff, 2.0 FTE in Historic Conservation staff and 7.0 FTE in Land Use Management staff. These increases are offset by the transfer of 1.5 FTE from the General Fund to CDBG Fund 304, and the elimination of 1.0 FTE in administrative support staff. The 10.1 FTE increase in Restricted Funds results from the transfer of 1.5 FTE from the General Fund to CDBG Fund 304, the addition of 5.0 FTE in Historic Conservation staff and 3.6 FTE in Workforce Development staff into the Department of Community Development.

Department of Community Development - HSS
FY 2003-04 General Fund Operating (GFO) Program

AGENCY NAME	PROGRAM NAME	YEAR 2002 FUNDED *	2003 Request	2004 Request	Year 2003 HSAC Recommended	Year 2004 HSAC Recommended
ADOLESCENT HEALTH CENTER	Postponing Sexual Involvement for Teens	\$0	\$46,130	\$46,130	\$25,000	\$25,000
ADOLPH FRAZIER TREATMENT HOME FOR YOUTH	Adolph Frazier Treatment Home	\$19,335	\$53,950	\$53,950	\$25,000	\$25,000
AIDS VOLUNTEERS OF CINCINNATI	HIV/AIDS Support Services	\$76,999	\$150,000	\$150,000	\$76,000	\$76,000
ALCOHOLISM COUNCIL OF THE CINCINNATI AREA	ATOD Program & Alternative Activities	\$0	\$50,000	\$50,000	\$0	\$0
BETHANY HOUSE SERVICES, INC.	Emergency Shelter	\$81,000	\$85,000	\$85,000	\$81,000	\$81,000
CINCINNATI PUBLIC SCHOOLS	Project Connect	\$30,000	\$50,077	\$52,487	\$30,000	\$30,000
BOYS & GIRLS CLUBS OF GREATER CINCINNATI	Summer Program	\$50,000	\$100,000	\$100,000	\$50,000	\$50,000
CARACOLE, INC.	Caracole House	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
	SOPHIA Information System	\$20,000	\$25,000	\$25,000	\$0	\$0
CARING PLACE	Emergency Assistance	\$10,000	\$32,153	\$32,153	\$25,000	\$25,000
	Joining our Youth	\$30,000	\$29,039	\$29,039	\$25,000	\$25,000
CATHOLIC SOCIAL SERVICES OF SOUTHWESTERN OHIO, INC.	Family Education Program	\$0	\$30,000	\$30,000	\$0	\$0
CENTER FOR CHILDREN AND FAMILIES, INC.	A Voice	\$0	\$25,026	\$25,776	\$25,000	\$25,000
CENTER FOR COMPREHENSIVE ALCOHOLISM TREATMENT	Substance Abuse Treatment -Detox	\$293,550	\$296,400	\$308,256	\$251,980	\$225,830
CENTER FOR PEACE EDUCATION	Violence Prevention, Conflict Management/ Peer Mediation	\$38,500	\$45,000	\$45,000	\$38,500	\$38,500
CHABAD HOUSE OF CINCINNATI	Emergency Shelter for families	\$41,100	\$32,445	\$33,400	\$0	\$0
	Case management supportive services	\$10,200	\$10,710	\$11,000	\$0	\$0
CHILDREN'S HOME OF CINCINNATI, OHIO	Respite Care	\$0	\$61,223	\$61,223	\$25,000	\$25,000
CHURCHES ACTIVE IN NORTHSIDE CINCINNATI AREA	Crisis Assistance Ministry	\$25,000	\$53,200	\$53,200	\$25,000	\$25,000
SENIOR SERVICES, INC.	Representative Payee	\$50,000	\$100,000	\$100,000	\$50,000	\$50,000
	Mt. Auburn Senior Center	\$51,000	\$51,500	\$51,500	\$49,500	\$49,500
	Over-The Rhine Senior Center	\$65,900	\$65,900	\$65,900	\$58,500	\$58,500

**Department of Community Development - HSS
FY 2003-04 General Fund Operating (GFO) Program**

AGENCY NAME	PROGRAM NAME	YEAR 2002 FUNDED *	2003 Request	2004 Request	Year 2003 HSAC Recommended	Year 2004 HSAC Recommended
CINCINNATI UNION BETHEL	Anna Louise Inn	\$45,000	\$50,000	\$55,000	\$45,000	\$45,000
	Terrace Guild/Emergency Assistance	\$33,000	\$40,000	\$45,000	\$33,000	\$33,000
	Youth Services	\$23,000	\$25,000	\$30,000	\$25,000	\$25,000
COMPREHENSIVE COMMUNITY CHILD CARE	Child Care Resource & Referral	\$110,000	\$126,127	\$132,400	\$110,000	\$110,000
	Parent Education	\$0	\$9,971	\$10,500	\$0	\$0
	Expanding Supply	\$54,000	\$57,173	\$60,000	\$54,000	\$54,000
	Child Care Financial Assistance	\$80,000	\$90,561	\$91,000	\$80,000	\$80,000
COUNCIL ON CHILD ABUSE OF SOUTHERN OHIO, INC.	Child Abuse Prevention	\$29,870	\$32,000	\$35,000	\$27,000	\$27,000
CPC FORENSIC SERVICES	Alternative Interventions for Women	\$0	\$135,000	\$165,000	\$0	\$0
CROSSROADS CENTER	Chaney Allen Children's Evening & Weekend Program	\$24,300	\$47,324	\$47,324	\$25,000	\$25,000
	Adolescent Prevention & Treatment Services	\$51,154	\$51,154	\$51,154	\$50,000	\$50,000
	Outpatient Adult Substance Abuse & Mental Health Treatment Services	\$109,846	\$109,846	\$109,846	\$80,000	\$80,000
DANA TRANSITIONAL BRIDGE SERVICES, INC	Transitional Housing & Supportive Services	\$35,000	\$43,498	\$43,498	\$34,700	\$34,700
DISABLED HELPING DISABLED	Brown Bag Program	\$40,500	\$40,500	\$45,000	\$40,500	\$40,500
DOMINICAN COMMUNITY SERVICES	Girlfriend	\$0	\$25,000	\$25,000	\$0	\$0
	Visions	\$37,000	\$38,000	\$38,000	\$35,000	\$35,000
DRESS FOR SUCCESS	The Professional Women's Group	\$0	\$175,630	\$193,193	\$25,000	\$25,000
FERNSIDE CENTER FOR GRIEVING CHILDREN	Peer Support Loss Groups	\$36,050	\$45,000	\$45,000	\$0	\$0
FIRST STEP HOME	Drug Treatment for Women	\$0	\$50,000	\$52,500	\$25,000	\$25,000
FREE STORE/FOOD BANK, INC.	Client Services Division	\$190,000	\$500,000	\$500,000	\$190,000	\$190,000
FUTURE WORLD PRODUCTIONS	Youth artistic training	\$27,000	\$68,600	\$68,600	\$25,000	\$25,000
G.L.A.D. HOUSE, INC	G.L.A.D. House	\$0	\$75,000	\$75,000	\$25,000	\$25,000
GENESIS MEN'S PROGRAM	Comprehensive Employment Assistance	\$0	\$60,000	\$60,000	\$40,000	\$40,000

Department of Community Development - HSS
FY 2003-04 General Fund Operating (GFO) Program

AGENCY NAME	PROGRAM NAME	YEAR 2002 FUNDED *	2003 Request	2004 Request	Year 2003 HSAC Recommended	Year 2004 HSAC Recommended
GOLDEN LEAF OBJECTIVE CORPORATION	Summer Enrichment Training Program	\$0	\$53,205	\$53,205	\$0	\$0
HARVEST COMMUNITY DEVELOPMENT CORPORATION	Harvest Food Pantry	\$18,300	\$35,000	\$35,000	\$25,000	\$25,000
HEALING CONNECTIONS ASSOCIATES, INC.	Direct Care Services for Elderly Persons with Disabilities	\$25,000	\$32,500	\$32,500	\$25,000	\$25,000
HEALTHY VISIONS	Healthy Relationships	\$0	\$58,006	\$58,006	\$0	\$0
HOPE OUTREACH SERVICES	Hope Early Child Development Center	\$40,000	\$95,000	\$95,000	\$40,000	\$40,000
HOUSE OF HOPE, INC	Road to Recovery Program	\$50,500	\$53,100	\$53,100	\$50,500	\$45,500
HOUSE OF REFUGE MISSIONS, INC	Plaza Operation	\$50,000	\$107,065	\$107,065	\$50,000	\$50,000
HYDE PARK MULTI-SERVICES CENTER FOR OLDER ADULTS	Adult Protective Services	\$19,000	\$27,000	\$28,080	\$25,000	\$25,000
IKRON CORPORATION	Community treatment services	\$0	\$65,294	\$67,253	\$0	\$0
INCLUSION NETWORK, INC.	INC Cincinnati	\$0	\$25,000	\$25,000	\$0	\$0
INDEPENDENT LIVING OPTIONS, INC.	Family Life Services	\$15,000	\$25,000	\$26,250	\$25,000	\$25,000
	Independent Living Skills	\$29,000	\$31,000	\$32,550	\$25,000	\$25,000
INNER CITY HEALTH CARE	Indigent care	\$40,000	\$108,463	\$108,463	\$50,000	\$50,000
	Journey Begins	\$60,000	\$393,712	\$393,712	\$25,000	\$25,000
INNER CITY YOUTH OPPORTUNITIES	Inner City Youth Opportunities	\$100,000	\$100,000	\$100,000	\$40,000	\$0
INTERFAITH HOSPITALITY NETWORK OF GREATER CINCINNATI, INC.	Emergency shelter - essential services	\$23,000	\$25,000	\$25,000	\$25,000	\$25,000
JOBS FOR CINCINNATI GRADUATES	Jobs for Cincinnati Graduates	\$0	\$55,269	\$58,032	\$31,450	\$31,450
JUSTICE WATCH, INC		\$36,700	\$40,356	\$41,371	\$36,700	\$36,700
LIBERTY LEARNING CENTER	Computer Basics and Life Skills	\$0	\$25,000	\$25,000	\$25,000	\$25,000
LIGHTHOUSE YOUTH SERVICES, INC.	Life Skills Coach	\$30,000	\$70,000	\$70,000	\$30,000	\$30,000
	Runaway/ Homeless Youth	\$25,000	\$60,000	\$60,000	\$30,000	\$30,000
	Youth Development	\$25,000	\$80,000	\$80,000	\$0	\$0

**Department of Community Development - HSS
FY 2003-04 General Fund Operating (GFO) Program**

AGENCY NAME	PROGRAM NAME	YEAR 2002 FUNDED *	2003 Request	2004 Request	Year 2003 HSAC Recommended	Year 2004 HSAC Recommended
LITERACY NETWORK OF GREATER CINCINNATI	Tutor Training and Coordination	\$24,300	\$33,941	\$33,941	\$25,000	\$25,000
LYDIA'S HOUSE	Lydia's House Services	\$0	\$40,000	\$40,000	\$25,000	\$25,000
MADISONVILLE COMMUNITY COUNCIL	Community Impact Panel	\$0	\$46,130	\$46,130	\$0	\$0
MADISONVILLE EDUCATION & ASSISTANCE CENTER	Emergency Assistance Center	\$25,000	\$40,000	\$40,000	\$25,000	\$25,000
MALLORY CENTER FOR COMMUNITY DEVELOPMENT	SAAPS	\$37,439	\$74,014	\$76,234	\$0	\$0
	Computer Cop	\$39,941	\$122,964	\$126,653	\$40,000	\$40,000
	Emergency Food Pantry	\$35,796	\$83,212	\$85,708	\$35,800	\$35,800
MEMORIAL COMMUNITY CENTER, INC	Security Counts	\$0	\$100,000	\$100,000	\$0	\$0
MERCY CONNECTIONS	Emergency Assistance	\$35,600	\$50,789	\$50,789	\$0	\$0
MERCY FRANCISCAN SOCIAL MINISTRIES, INC/MERCY FRANCISCAN AT ST. JOHN	Young Father's Program	\$32,000	\$33,000	\$34,000	\$32,000	\$32,000
	Temporary Housing Program	\$22,000	\$25,000	\$26,000	\$25,000	\$25,000
MORNINGSTAR ECONOMIC DEVELOPMENT CORPORATION	Viola's Rec Room	\$0	\$94,920	\$94,920	\$50,000	\$50,000
NORTH FAIRMOUNT COMMUNITY CENTER	Senior Program	\$0	\$0	\$27,852	\$0	\$27,850
	Youth Development	\$0	\$31,944	\$35,544	\$25,000	\$25,000
NORTHSIDE COMMUNITY SCHOOL	Northside Community School	\$22,000	\$40,000	\$40,000	\$25,000	\$25,000
OHIO VALLEY GOODWILL INDUSTRIES REHABILITATION CENTER, INC.	Homeless Endeavors for Lifelong Preparedness	\$0	\$111,590	\$111,590	\$0	\$0
OUR DAILY BREAD	Soup Kitchen staffing	\$0	\$98,314	\$100,219	\$25,000	\$25,000
OVER-THE-RHINE/WALNUT HILLS KITCHEN	Kitchen/Pantry	\$0	\$160,928	\$168,974	\$25,000	\$25,000

Department of Community Development - HSS
FY 2003-04 General Fund Operating (GFO) Program

AGENCY NAME	PROGRAM NAME	YEAR 2002 FUNDED *	2003 Request	2004 Request	Year 2003 HSAC Recommended	Year 2004 HSAC Recommended
POSITIVE BEGINNINGS TEEN SERVICES	Support and educational services to teenaged mothers	\$50,000	\$55,000	\$55,000	\$50,000	\$50,000
PUBLIC ALLIES, INC.	Public Allies Cincinnati	\$50,000	\$56,142	\$56,142	\$37,000	\$37,000
RECOVERY RESOURCE CENTER	Recovery Alternatives	\$0	\$61,500	\$74,424	\$0	\$0
SANTA MARIA COMMUNITY SERVICES	Sedamsville Family Resource Center	\$70,000	\$80,000	\$80,000	\$50,000	\$50,000
SERVICES UNITED FOR MOTHERS AND ADOLESCENTS INC	Walnut Hills Teen Parent Center	\$14,000	\$14,000	\$60,000	\$25,000	\$25,000
	Primary Pregnancy	\$41,000	\$52,000	\$52,000	\$41,000	\$41,000
SERVICES UNITED FOR MOTHERS AND ADOLESCENTS INC	West End Teen Center	\$45,000	\$30,000	\$30,000	\$25,000	\$25,000
SERVING OLDER ADULTS THROUGH CHANGING TIMES	Leisure Impact for Older Adults	\$0	\$110,000	\$110,000	\$45,000	\$45,000
SEVEN HILLS NEIGHBORHOOD HOUSES, INC.	PRIDE After School/Summer Program	\$0	\$0	\$40,071	\$0	\$40,000
SIGN OF THE CROSS	Homeless/low income housing	\$0	\$67,000	\$70,000	\$0	\$0
SOCIETY OF ST VINCENT DE PAUL SOUTH FAIRMOUNT COMMUNITY CENTER	Social Services Dept./Emergency Services	\$40,000	\$60,000	\$60,000	\$44,000	\$44,000
	Youth/GED	\$5,000	\$33,000	\$33,000	\$0	\$0
	Community Outreach	\$25,000	\$30,920	\$30,920	\$25,000	\$25,000
ST ALOYSIUS ORPHAN SOCIETY STARFIRE COUNCIL OF GREATER CINCINNATI, INC.	Community Saturday Camp	\$0	\$95,309	\$95,309	\$0	\$0
	Social Service Outings for Adults	\$0	\$35,000	\$35,000	\$25,000	\$25,000
SUCCESS, INC.	Dressing to Succeed, Professional Imaging Program	\$0	\$99,578	\$99,578	\$25,000	\$25,000
TALBERT HOUSE	281-CARE Crisis Center	\$23,400	\$25,000	\$25,000	\$25,000	\$25,000
	Halfway Houses	\$15,500	\$25,000	\$25,000	\$0	\$0
	Victims Service Center	\$102,000	\$99,452	\$101,441	\$90,000	\$90,000
TEEN RESPONSE, INC.	Teen Response	\$40,000	\$83,134	\$83,134	\$30,000	\$30,000
TENDER MERCIES, INC.	Supported Housing	\$42,000	\$85,000	\$85,000	\$50,000	\$50,000

**Department of Community Development - HSS
FY 2003-04 General Fund Operating (GFO) Program**

AGENCY NAME	PROGRAM NAME	YEAR 2002 FUNDED *	2003 Request	2004 Request	Year 2003 HSAC Recommended	Year 2004 HSAC Recommended
THREE (III) SQUARE MUSIC FOUNDATION	Project RAP	\$0	\$213,402	\$213,402	\$50,000	\$50,000
TOM GEIGER GUEST HOUSE, INC.	Geiger Transitional House	\$30,000	\$31,500	\$33,075	\$27,200	\$27,200
TRANSPORTATION RESOURCES AND INFORMATION PROJECT, INC.	Transportation Retention Solutions	\$0	\$47,800	\$55,000	\$0	\$0
TREE-OF-LIFE	The Launch Project	\$0	\$150,000	\$0	\$0	\$0
URBAN APPALACHIAN COUNCIL	Family Strengthening Program	\$150,000	\$193,799	\$198,799	\$150,000	\$150,000
VICTORY NEIGHBORHOOD SERVICES	Expansion of recovery alternatives	\$30,000	\$61,500	\$74,424	\$30,000	\$30,000
VINEYARD HOUSE, INC.	Transitional Housing	\$0	\$75,000	\$75,000	\$0	\$0
VISITING NURSE ASSOCIATION OF GREATER CINCINNATI AND NORTHERN KENTUCKY	Homemaker/ Personal Care Assistance	\$42,000	\$50,000	\$52,000	\$25,000	\$25,000
VOLUNTEERS OF AMERICA	Central Parkway Transitional Housing	\$23,300	\$44,143	\$45,467	\$40,000	\$43,300
	CAN DO	\$0	\$28,724	\$28,724	\$25,000	\$25,000
WINTON PLACE YOUTH COMMITTEE	Youth Development	\$22,000	\$25,000	\$25,000	\$25,000	\$25,000
WOMEN HELPING WOMEN, HAMILTON COUNTY RAPE CRISIS CENTER, INC.	Children's Program	\$18,731	\$25,000	\$26,624	\$0	\$0
	Crisis intervention, advocacy, support, education	\$121,169	\$127,650	\$132,547	\$125,000	\$125,000
YMCA OF GREATER CINCINNATI	After School Initiatives	\$0	\$60,000	\$60,000	\$0	\$0
YOUTH OPPORTUNITIES UNITED	Youth At Risk Program	\$0	\$70,000	\$70,000	\$35,000	\$35,000
YOUTH, INC.	Stay Center	\$0	\$136,784	\$136,784	\$0	\$0
YWCA OF GREATER CINCINNATI	Battered Women's Shelter	\$147,000	\$150,064	\$150,064	\$147,000	\$147,000
	Amend Program	\$24,500	\$40,000	\$40,000	\$25,000	\$25,000
	Strong Girls/Healthy Girls	\$25,000	\$25,567	\$25,567	\$0	\$0
	Transitional Housing Program	\$13,000	\$25,000	\$25,000	\$25,000	\$25,000
TOTAL		\$3,913,479	\$8,842,821	\$8,993,666	\$4,087,330	\$4,087,330

* The total amount shown for contracts funded in 2002 does not reflect the total 2002 Approved Human Services Policy Funding for contracts. A number of agencies that received funding in 2002 did not apply for funding in the 2003-2004 biennium.

2003 Recommended Services Contracts
General Fund

Agency	Project	2002 Approved	2003 EBC Recommended	% <i>change</i>
162	Grassroots Leadership Academy	\$223,840	\$175,000	-21.8%
163	Cincinnati Human Relations Comm. (CHRC)	\$432,710	\$389,440	-10.0%
163	Parental Responsibility Program	\$162,000	\$0	-100.0%
162	Neighborhood Support Program (NSP) ***	\$631,750	\$360,580	-42.9%
163	Arts Consortium	\$231,860	\$208,670	-10.0%
163	City Hall Tours (formerly Volunteer Cinti)	\$46,580	\$0	-100.0%
164	Riverfront Classic & Jamboree	\$95,000	\$95,000	0.0%
164	Greater Cincinnati Film Commission	\$57,000	\$0	-100.0%
164	Regional Marketing Partnership	\$91,000	\$91,000	0.0%
164	Sister Cities Association	\$22,830	\$20,000	-12.4%
164	International Visitors Center	\$17,100	\$0	-100.0%
164	African American Chamber of Commerce	\$150,000	\$135,000	-10.0%
164	National Development Council	\$6,000	\$0	-100.0%
164	Jazz Festival	\$142,500	\$0	-100.0%
198	Tall Stacks Festival 2003	\$0	\$200,000	100.0%
101	Flying Pig Marathon	\$28,500	\$30,000	5.3%
Totals		\$2,338,670	\$1,704,690	-27.1%

*** EBC recommendation includes funding of \$5,500 per neighborhood (\$286,000) and \$74,580 for contract administration

ENTERPRISE SERVICES
(Formerly General Services Department)

Director's Office

Expenditure (in \$) and Staffing (in FTE) Summary					
	2002	2003	Change	2004	Change
General Fund					
Restricted Funds	\$234,540		-100.0%		
Total	\$234,540		-100.0%		
Total With Employee Benefits	\$274,160		-100.0%		
All Funds Staffing	4.0		(4.0)		

Explanation of Budget Changes

The operating budget for the General Services Director's Office does not carry over into 2003 due to the citywide reorganization plan and the elimination of the General Services Department. The plan calls for the transfer of three divisions (Convention Center, Fleet Services, and Parking Facilities) to the new Department of Enterprise Services. The City Facilities Management Division is transferred to the Department of Public Services, and the Office of Cable Communications is transferred to the City Manager's Office. The Regional Computer Center becomes a department and the Director's Office is eliminated. A total amount of \$235,300 is transferred to the City Manager's Office for management of the Department of Enterprise Services, all of which is reimbursed from the new department. This results in General Fund savings of \$96,560, representing partial reimbursement for an Assistant City Manager's salary.

Explanation of Staffing Changes

General Fund	0.0	Restricted Funds	(4.0)	All Funds	(4.0)
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Two vacant FTE are eliminated due to the citywide reorganization (the Director of General Services and a Clerk Typist 3), one FTE in Fund 424 is transferred to the Regional Computer Center, and one FTE is transferred to the City Manager's Office as part of Enterprise Services.

ENTERPRISE SERVICES
(Formerly General Services Department)

Office of Cable Communications

Expenditure (in \$) and Staffing (in FTE) Summary					
	2002	2003	Change	2004	Change
General Fund					
Restricted Funds	\$333,060		-100.0%		
Total	\$333,060		-100.0%		
Total With Employee Benefits	\$372,910		-100.0%		
All Funds Staffing	4.0		(4.0)		

Explanation of Budget Changes

The operating budget for the Office of Cable Communications does not carry over into 2003 in the General Services Department. As part of the citywide reorganization plan, this division is transferred to the City Manager's Office. After considering inflationary increases and adjusting for reductions to management compensation, additional adjustments to the recommended 2003 budget include the following: 1) a non-personnel increase of \$5,000 for expert services related to an evaluation of the Time Warner Cable network as required by the FCC; 2) a non-personnel increase of \$5,000 for data-processing expenses by the Regional Computer Center; and 3) a decrease of \$5,000 in personnel costs due to staffing changes. The remaining balance is transferred to the City Manager's Office. The Cable Communications Fund supports the Office of Cable Communications.

Explanation of Staffing Changes

General Fund	0.0	Restricted Funds	(4.0)	All Funds	(4.0)
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The 4.0 FTE in the Office of Cable Communications are transferred to the City Manager's Office as part of the citywide reorganization plan.

ENTERPRISE SERVICES
(Formerly General Services Department)

City Facilities Management Division

Expenditure (in \$) and Staffing (in FTE) Summary					
	2002	2003	Change	2004	Change
General Fund	\$3,944,910		-100.0%		
Restricted Funds	\$1,889,610		-100.0%		
Total	\$5,834,520		-100.0%		
Total With Employee Benefits	\$6,330,020		-100.0%		
All Funds Staffing	60.0		(60.0)		

Explanation of Budget Changes

The operating budget for the City Facilities Division does not carry over into 2003 in the General Services Department. As part of the citywide reorganization plan, this division is transferred to the Public Services Department. After considering inflationary increases and adjusting for reductions to management compensation and General Fund training and non-local travel, the following changes in the General Fund are recommended: 1) a reduction of \$345,500 related to transferring Urban Forestry expenses to the Parks Department; 2) a reduction of \$164,000 for painting and masonry services; 3) cleaning services in City Hall will be managed through contractual services, and personnel expenses are reduced by \$135,700 due to the elimination of four FTE; 4) a personnel reduction of \$56,600 due to the elimination of one FTE as part of the citywide reorganization; and 5) an increase of \$195,000 for increased security service at City Hall.

After considering inflationary increases and adjusting for reductions to management compensation, recommended changes in the Restricted Funds include the following reductions in the Income Tax Infrastructure Fund: 1) \$51,310 in personnel expenses due to the elimination of one FTE as part of the citywide reorganization; 2) \$40,700 in non-personnel services related to the unplanned service requests from tenants in City Hall. In the Parking Facilities Fund, personnel expenses are increased by \$31,000 as a result of the elimination of a vacancy allowance. The remaining balance in the City Facilities Management budget is transferred to the Public Services Department.

Explanation of Staffing Changes

General Fund (36.0) Restricted Funds (24.0) All Funds (60.0)

In the General Fund, 7.0 FTE are eliminated and 6.0 are transferred to the Income Tax Infrastructure Fund 302, creating a net reduction of 13.0 FTE. In the Income Tax Infrastructure Fund, a net increase of 3.0 FTE is realized with the addition of 6.0 FTE from the General Fund and the elimination of 3.0 FTE. As part of the citywide reorganization plan, 23.0 FTE in the General Fund and 27.0 FTE in Restricted Funds are transferred to the Public Services Department.

ENTERPRISE SERVICES
(Formerly General Services Department)

Convention Center

Expenditure (in \$) and Staffing (in FTE) Summary					
	2002	2003	Change	2004	Change
General Fund					
Restricted Funds	\$4,776,650	\$4,324,520	-9.5%	\$4,381,670	1.3%
Total	\$4,776,650	\$4,324,520	-9.5%	\$4,381,670	1.3%
Total With Employee Benefits	\$5,401,490	\$4,890,790	-9.5%	\$4,961,500	1.4%
All Funds Staffing	78.4	78.4	0.0	78.4	0.0

Explanation of Budget Changes

The Convention Center's all funds 2003 departmental budget of \$4,324,520, not including employee benefits, is a 9.5% decrease from the 2002 budget. After considering inflationary increases and adjusting for reductions to management compensation, the change is primarily due to a \$200,000 savings related to lower natural gas prices and a new energy management system; a personnel savings of \$100,000 stemming from the elimination of one vacant position and lower part-time labor costs because of fewer events; and a new telecommunications contract that is expected to generate a \$60,000 annual savings. The 2004 budget changes primarily by inflationary increases.

As part of the citywide reorganization plan, the General Services Department will be eliminated and the Convention Center, along with the Fleet Services Division and the Parking Facilities Division, will be transferred to the new Department of Enterprise Services.

Explanation of Staffing Changes

General Fund	0.0	Restricted Funds	0.0	All Funds	0.0
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The total recommended FTE is 78.4 for 2003 and 2004, representing no change from the 2002 FTE complement.

ENTERPRISE SERVICES
(Formerly General Services Department)

Fleet Services Division

Expenditure (in \$) and Staffing (in FTE) Summary					
	2002	2003	Change	2004	Change
General Fund					
Restricted Funds	\$11,692,200	\$11,214,450	-4.1%	\$11,324,350	1.0%
Total	\$11,692,200	\$11,214,450	-4.1%	\$11,324,350	1.0%
Debt Service	\$210,980	\$210,980	0.0%	\$210,980	0.0%
Total With Employee Benefits	\$12,869,870	\$12,371,830	-3.9%	\$12,508,100	1.1%
All Funds Staffing	86.0	85.0	(1.0)	85.0	0.0

Explanation of Budget Changes

The Fleet Services Division's operating costs are budgeted in the Fleet Services Fund 202, which is an internal service fund and is not reflected in the "All Funds Operating Budget Summary." Revenue is received from billing other departments for fuel and services, and these costs are in the budgets of other departments. The Fleet Services Division's all funds 2003 departmental budget of \$11,214,450, not including employee benefits, is a 4.1% decrease when compared to the 2002 budget. After considering inflationary increases and adjusting for reductions to management compensation, the budget change is largely due to a projected 16.1% decrease in the Division's fuel expenses. This reduction is based on projected decreases in fuel costs and usage. Fleet Services pays a volume-based discounted price for fuel, plus debt service, taxes, delivery, and a system maintenance fee. Based on actual costs through the third quarter of 2002, a savings of \$450,000 is expected in 2003. Additionally, total fuel usage for all City departments in 2002 is projected to be 130,000 gallons less than originally estimated, which is reflected in the fuel budget for 2003. The 2004 budget changes primarily by the inflationary increases.

As part of the citywide reorganization plan, the General Services Department will be eliminated and the Fleet Services Division, along with the Convention Center and the Parking Facilities Division, will be transferred to the new Department of Enterprise Services.

Explanation of Staffing Changes

General Fund 0.0 Restricted Funds (1.0) All Funds (1.0)

The total recommended FTE is 85.0 for 2003 and 2004, representing a decrease of one FTE when compared to the 2002 FTE complement. The net decrease is due to the addition of one Accounting Technician 3 position and the elimination of two Crew Chief positions resulting from productivity enhancements.

ENTERPRISE SERVICES
(Formerly General Services Department)

Parking Facilities Division

Expenditure (in \$) and Staffing (in FTE) Summary					
	2002	2003	Change	2004	Change
General Fund					
Restricted Funds	\$4,413,290	\$5,205,860	18.0%	\$5,261,360	1.1%
Total	\$4,413,290	\$5,205,860	18.0%	\$5,261,360	1.1%
Debt Service	\$568,130	\$1,253,830	120.7%	\$1,244,810	-0.7%
Total With Employee Benefits	\$5,616,950	\$7,166,070	27.6%	\$7,230,170	0.9%
All Funds Staffing	70.6	73.8	3.2	73.8	0.0

Explanation of Budget Changes

The Parking Facilities Division's all funds 2003 departmental budget of \$5,205,860, not including employee benefits and debt service, is an 18.0% increase when compared to the 2002 operating budget. After considering inflationary increases and adjusting for reductions to management compensation, the budget increase is primarily due to an additional \$400,000 in estimated operating expenses for the new parking facility at 7th and Broadway, which is expected to open to the public in May 2003. Additional debt service expenses are also included in the 2003 budget for the new facility.

The parking meter collection function was transferred from the Treasury Division to the Parking Facilities Division in 2002, and five Parking Meter Collector positions were reassigned to Parking Facilities. An additional \$224,00 is included in the 2003 Parking Facilities budget for expenses related to the transfer of parking meter collections to Parking Facilities. The Treasury Division is still responsible for counting, sorting, and depositing daily meter receipts. The 2004 budget changes primarily by the inflationary increases.

As part of the citywide reorganization plan, the General Services Department will be eliminated and the Parking Facilities Division, along with the Convention Center and the Fleet Services Division, will be transferred to the new Department of Enterprise Services.

Explanation of Staffing Changes

General Fund	0.0 Restricted Funds	3.2 All Funds	3.2
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The total recommended FTE is 73.8 for 2003 and 2004, which is a net increase of 3.2 FTE when compared to the 2002 FTE complement of 70.6. The change represents the addition of 5.0 Parking Meter Collector positions and 1.0 Supervising Management Analyst position, and the elimination of 2.8 vacant positions.

DEPARTMENT OF FINANCE

Expenditure (in \$) and Staffing (in FTE) Summary					
	2002	2003	Change	2004	Change
General Fund	\$8,697,360	\$8,539,600	-1.8%	\$8,854,460	3.7%
Restricted Funds	\$2,066,090	\$2,125,250	2.9%	\$2,152,210	1.3%
Total	\$10,763,450	\$10,664,850	-0.9%	\$11,006,670	3.2%
Total With Employee Benefits	\$12,228,870	\$12,157,230	-0.1%	\$12,566,800	3.4%
All Funds Staffing	190.0	186.0	(4.0)	186.0	0.0

Explanation of Budget Changes

The Finance Department's all funds 2003 departmental budget of \$10,664,850, not including employee benefits, is a 0.9% decrease from the 2002 budget. After considering inflationary increases and adjusting for reductions to management compensation and General Fund training and non-local travel, the General Fund budget change is primarily due to an \$82,400 reduction for two one-time expenditures in 2002 (an Activity Based Costing pilot program and a one-time DRI contract increment), a \$412,240 reduction in personnel costs resulting from the elimination of 12 FTE, a \$474,760 reduction in miscellaneous non-personnel costs, a \$395,000 addition relating to the merger of the Internal Audit Division into the Finance Department, and finally an increase of \$314,390 resulting from the merger of the Contract Compliance Office with the Purchasing Division. In 2004, after considering inflationary increases, the General Fund budget change is primarily due to an addition of \$35,000 for the DRI contract. The DRI economic forecast will be performed once every two years.

After considering the inflationary increases and adjusting for reductions to management compensation, the Restricted Funds budget change is primarily due to the following: a reduction of \$60,000 in the Infrastructure Fund 302 for a one-time expenditure in 2002 (a project to implement GASB 34), the addition of \$54,000 in the Infrastructure Fund relating to the merger of the Contract Compliance Office with the Purchasing Division, an addition of \$20,000 in the CDBG Fund 304 to fund the transfer of an employee from the General Fund, a \$244,900 increase in the Bond Retirement Fund 151 resulting from an expected increase in debt service cost, and finally, a reduction of \$210,500 in the Parking Facilities Fund 102 relating to the transfer of the parking meter operation from the Treasury Division to Parking Facilities. In 2004, the Restricted Funds budget change is primarily due to inflationary increases.

Explanation of Staffing Changes

General Fund 0.0 Restricted Funds (4.0) All Funds (4.0)

The total recommended FTE is 186.0 for 2003 which is a decrease of 4.0 FTE from the 2002 budget. In the General Fund, the elimination of 12.0 FTE in the Finance Department is offset by the transfer of 12.0 FTE into the Finance Department through the merger of Internal Audit and Contract Compliance. In the Restricted Funds, 5.0 FTE are transferred from the Treasury Division to Parking Facilities and 1.0 FTE is added to the Infrastructure Fund 302 in the Purchasing Division as a result of the merger of Contract Compliance.

FIRE DEPARTMENT

Expenditure (in \$) and Staffing (in FTE) Summary					
	2002	2003	Change	2004	Change
General Fund	\$53,638,630	\$54,987,660	2.5%	\$56,501,970	2.8%
Restricted Funds					
Total	\$53,638,630	\$54,987,660	2.5%	\$56,501,970	2.8%
Total With Employee Benefits	\$72,333,670	\$74,137,620	2.5%	\$76,250,710	2.9%
All Funds Staffing	842.0	848.8	6.8	853.6	4.8

Explanation of Budget Changes

The Fire Department's all funds 2003 departmental budget of \$54,987,660, not including employee benefits, is a 2.5% increase from the 2002 budget. After considering inflationary increases and adjusting for reductions to management compensation and General Fund training and non-local travel, the budget change is primarily due to the addition of one-time funding of \$70,000 for the Fire Department's 150th Anniversary Celebration, the addition of \$125,050 for Phase 1 of the expanded Fire Cadet Program, the reduction of \$243,830 which reflects a change in sworn staffing costs, the reduction of \$55,830 in the travel and training budget, the reduction of \$39,550 for lower than expected fuel rates, and the reduction of \$43,510 in fleet maintenance and repair charges. The 2004 budget changes by the inflationary increases and the addition of \$128,120 for Phase 2 of the expanded Fire Cadet Program.

Explanation of Staffing Changes

General Fund	6.8	Restricted Funds	0.0	All Funds	6.8
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The total recommended FTE is 848.8 for 2003 which is an increase of 6.8 from the 2002 budget. This increase reflects the addition of 1 FTE for administrative functions related to Weapons of Mass Destruction, 1 FTE for a new Fire Alarm Operator Dispatcher, and 4.8 FTE for 6 Fire Cadets. For 2004, the total recommended FTE is 853.6 which is an increase of 4.8 FTE compared to 2003. This increase is for the addition of 6 Fire Cadets for Phase 2 of the three-year expansion of the Fire Cadet Program.

DEPARTMENT OF HEALTH

Expenditure (in \$) and Staffing (in FTE) Summary					
	2002	2003	Change	2004	Change
General Fund	\$22,729,490	\$22,402,210	-1.4%	\$22,492,930	0.4%
Restricted Funds	\$12,015,010	\$13,399,260	11.5%	\$13,181,800	-1.6%
Total	\$34,744,500	\$35,801,470	3.0%	\$35,674,730	-0.4%
Total With Employee Benefits	\$40,324,150	\$41,605,500	3.2%	\$41,552,730	-0.1%
All Funds Staffing	540.4	544.5	4.1	534.5	(10.0)

Explanation of Budget Changes

The Health Department's all funds 2003 budget of \$35,801,470, not including employee benefits, is a 3.0% increase over the 2002 budget. After considering inflationary increases and adjusting for reductions to management compensation and General Fund training and non-local travel, the General Fund budget changes by -1.4% primarily due to the transfer of \$1,190,400 and 19.5 FTE to the Health Services Fund 395; the transfer of \$37,540 and 1.0 FTE to the Public Services Department; and the restoration of the School Nursing Program for \$185,600 and 6.4 FTE and the Nursing Home Licensure Program for \$205,130 and 3.0 FTE during 2002. The Restricted Funds increase by 11.5%, after considering inflationary increases and adjusting for reductions to management compensation, primarily due to the transfer of \$1,190,400 from the General Fund to the Health Services Fund 395. The 2004 budget changes primarily by inflationary increases and the elimination of the Public Health Education Program for \$436,700 and 10.0 FTE in the General Fund and a reduction of \$421,000 in non-personnel services to balance the Health Services Fund 395.

Explanation of Staffing Changes

General Fund	(12.8)	Restricted Funds	16.9	All Funds	4.1
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The total recommended FTE is 544.5 in 2003, which is a net increase of 4.1 from 2002. The General Fund net decrease of 12.8 FTE reflects the 2002 restoration of 6.4 FTE for the School Health Nursing Program and 3.0 FTE for the Nursing Home Licensure, the transfer of 19.5 FTE to the Health Services Fund 395, the transfer of 1.0 FTE to the Public Services Department, and the elimination of 1.7 FTE due to operating efficiencies. The Restricted Funds reflect a net increase of 16.9 FTE. These changes include a net increase of 10.0 FTE in the Health Services Fund 395, 5.0 FTE in the Home Health Services Fund 353, and 1.9 FTE for all other restricted funds. In 2004, 10.0 FTE will be decreased from the General Fund related to the elimination of the Public Health Education Program.

DEPARTMENT OF HUMAN RESOURCES

Expenditure (in \$) and Staffing (in FTE) Summary					
	2002	2003	Change	2004	Change
General Fund	\$2,198,550	\$1,975,780	-10.1%	\$2,030,430	2.8%
Restricted Funds	\$152,560	\$153,320	0.5%	\$161,130	5.1%
Total	\$2,351,110	\$2,129,100	-9.4%	\$2,191,560	2.9%
Total With Employee Benefits	\$2,710,470	\$2,490,090	-8.1%	\$2,566,430	3.1%
All Funds Staffing	37.2	37.2	0.0	37.2	0.0

Explanation of Budget Changes

The Department of Human Resources' all funds 2003 departmental budget of \$2,129,100, not including employee benefits, is a 9.4% decrease from the 2002 budget. After considering inflationary increases and adjusting for reductions to management compensation and General Fund training and non-local travel, the General Fund budget change is due to reductions of \$180,410 for 5.0 FTE, \$65,350 for citywide training, \$48,030 for other non-personnel line items, and \$45,850 associated with the conversion of 3.0 Supervising Human Resources Analyst FTE to 2.0 Senior Human Resources Analyst FTE, and 1.0 Investigator FTE to perform municipal non-police investigations. As part of the citywide reorganization, the General Fund budget has been increased by the transfer in of the Equal Employment Opportunity function for \$86,610 and 1.0 FTE and the transfer in of 1.0 Investigator FTE for \$71,090. Also included in the citywide reorganization is the transfer in of 3.0 FTE for the Employee Safety function from the Office of Environmental Management. The 2003 Restricted Funds budget changes primarily by inflationary increases and adjusting for reductions to management compensation. The 2004 budget changes primarily by inflationary increases.

Explanation of Staffing Changes

General Fund	(3.0) Restricted Funds	3.0 All Funds	0.0
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The total recommended FTE is 37.2 for 2003, which is the same as the 2002 approved budget. There is a net decrease of 3.0 FTE in the General Fund: 5.0 FTE were eliminated from the budget and 2.0 FTE were added as part of the citywide reorganization. Also added as part of the citywide reorganization, the Restricted Funds increased by 3.0 FTE due to the transfer in of the Employee Safety function from the Office of Environmental Management. The recommended FTE is 37.2 for 2004, which is the same as the 2003 level.

DEPARTMENT OF LAW

Expenditure (in \$) and Staffing (in FTE) Summary					
	2002	2003	Change	2004	Change
General Fund	\$4,754,930	\$4,564,010	-4.0%	\$4,674,170	2.4%
Restricted Funds	\$429,850	\$443,170	3.1%	\$453,280	2.3%
Total	\$5,184,780	\$5,007,180	-3.4%	\$5,127,450	2.4%
Total With Employee Benefits	\$6,013,030	\$5,864,540	-2.5%	\$6,022,510	2.7%
All Funds Staffing	83.5	79.2	(4.3)	79.2	0.0

Explanation of Budget Changes

The Law Department's all funds 2003 departmental budget of \$5,007,180, not including employee benefits, is a 3.4% decrease from the 2002 budget. After considering inflationary increases and adjusting for reductions to management compensation and General Fund training and non-local travel, the General Fund budget change is primarily due to the elimination of 2002 one-time funding of \$705,000 for outside counsel relating to the Department of Justice investigation, a \$180,300 reduction in personnel costs resulting from the elimination of 7.0 FTE (4.0 were un-funded in the 2002 budget), a \$36,000 reduction in miscellaneous non-personnel costs, a \$150,000 addition for expert services to increase funding for the cost of outside counsel, an increase of \$100,000 for administration of the Election Commission, an increase of \$211,300 to the personnel budget to cover the cost of previously un-funded positions, an addition of \$209,900 relating to the merger of the Office of Administrative Hearings into the Law Department, and finally, the transfer of the Real Estate Manager's position from the General Fund to the Infrastructure Fund 302 (\$80,700). In 2004, after considering inflationary increases, the General Fund budget change is primarily due to an addition of \$40,000 for the replacement of personal computers.

After considering inflationary increases and adjusting for reductions to management compensation, the Restricted Funds budget change is primarily due to the addition of \$14,200 in the Infrastructure Fund 302 to fund the transfer of a position from the General Fund. In 2004, the Restricted Funds budget change is primarily due to inflationary increases.

Explanation of Staffing Changes

General Fund	(4.8)	Restricted Funds	0.5	All Funds	(4.3)
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The total recommended FTE is 79.2 for 2003 which is a decrease of 4.3 FTE from the 2002 budget. This net decrease of 4.3 FTE includes the following changes: 1) the elimination of 7.0 FTE in the General Fund; 2) a transfer of 1.0 FTE (Real Estate Manager) from the General Fund to the Infrastructure Fund 302; 3) the elimination of 1.0 FTE in the Infrastructure Fund 302 (Supervising Real Estate Manager); 4) the addition of 0.5 FTE to the Infrastructure Fund 302 to provide essential legal services support (Clerk Typist); and, 5) an increase of 3.2 FTE in the General Fund as a result of the merger of the Office of Administrative Hearings into the Law Department.

DEPARTMENT OF PARKS

Expenditure (in \$) and Staffing (in FTE) Summary					
	2002	2003	Change	2004	Change
General Fund	\$4,754,290	\$4,687,530	-1.4%	\$4,772,060	1.8%
Restricted Funds	\$2,992,360	\$3,226,470	7.8%	\$3,358,950	4.1%
Total	\$7,746,650	\$7,914,000	2.2%	\$8,131,010	2.7%
Total With Employee Benefits	\$8,786,530	\$8,927,530	1.6%	\$9,194,170	3.0%
All Funds Staffing	151.3	149.1	(2.2)	135.3	(13.8)

Explanation of Budget Changes

The Parks Department's all funds 2003 departmental budget of \$7,914,000, not including employee benefits, is a 2.2% increase from the 2002 budget. After considering inflationary increases and adjusting for reductions to management compensation and to General Fund training and non-local travel, the budget change is primarily due to the reduction of \$220,670 in maintenance services. The General Fund budget reflects an increase of \$147,000 for 2.0 FTE and contractual services in 2003 and \$196,000 in 2004 to maintain the new Theodore M. Berry International Friendship Park. The budget also reflects an increase of \$356,110 for the City's portion of the Urban Forestry Tree Assessment tax payment which was previously managed by the Department of General Services, Facility Management Division. After considering inflationary increases and adjusting for reductions to management compensation, the Restricted Funds increase of 7.8% compared to the 2002 Restricted Funds budget is primarily due to an increase of \$338,630 for the Greenspace Program which was shifted from the General Fund to the Parking Meter Fund 303. The 2004 budget changes primarily by inflationary increases and because of the elimination of the Nature Education program.

Explanation of Staffing Changes

General Fund **(3.2)** **Restricted Funds** **1.0** **All Funds** **(2.2)**

The total recommended FTE is 149.1 for 2003 which is a net decrease of 2.2 FTE from the 2002 approved budget. The General Fund includes an increase of 2.3 FTE in 2002 for the restoration of the Nature Education Program, a decrease of 8.5 FTE in 2003, and an increase of 2.0 FTE for the International Friendship Park. One General Fund FTE was shifted to Parking Meter Fund 303 for the Greenspace Program.

The 2004 FTE recommendation is decreased by 13.8 FTE which reflects the reallocation of funding for the Nature Education program to increase resources for the department's basic maintenance services.

POLICE DEPARTMENT

Expenditure (in \$) and Staffing (in FTE) Summary					
	2002	2003	Change	2004	Change
General Fund	\$82,690,030	\$85,539,180	3.4%	\$87,915,530	2.8%
Restricted Funds	\$2,568,420	\$1,203,080	-53.2%	\$1,203,080	0.0%
Total	\$85,258,450	\$86,742,260	1.7%	\$89,118,610	2.7%
Total With Employee Benefits	\$108,541,170	\$110,953,600	2.2%	\$114,092,790	2.8%
All Funds Staffing	1334.4	1377.2	42.8	1397.0	19.8

Explanation of Budget Changes

The Police Department's all funds 2003 departmental budget of \$86,742,260, not including employee benefits, is a 1.7% increase from the 2002 budget. After considering inflationary increases and adjusting for reductions to management compensation and General Fund training and non-local travel, the General Fund budget change is primarily due to 1) the reduction of \$571,090 in personnel costs based on the latest estimate of separations from service; 2) the reduction of \$104,020 for lower than expected fuel costs; 3) the reduction of \$207,320 in fleet maintenance and repair charges; 4) the reduction of \$196,100 in overtime due to the cancellation of the UJIMA Celebration; 5) the reduction of \$108,910 in other non-personnel categories; and 6) the addition of \$130,500 for an increase in the Police Cadet Program.

After considering inflationary increases and adjusting for reductions to management compensation, the Restricted Funds budget decrease is primarily due to the reduction of \$611,430 in the Cable Communications Fund for the transfer of the Radio Services Section from the Police Department to the Regional Computer Center which occurred in 2002.

The Police Department's all funds 2004 budget of \$89,118,610, not including employee benefits, is a 2.7% increase from the 2003 budget. The 2004 General Fund budget changes by inflationary increases, an increase of 15 Police Officers in the sworn staffing levels, and an increase in the Police Cadet Program. The 2004 Restricted Funds budget changes by inflationary increases.

Explanation of Staffing Changes

General Fund	44.8	Restricted Funds	(2.0)	All Funds	42.8
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The total recommended FTE is 1,377.2 for 2003 which is a net increase of 42.8 FTE compared to the 2002 FTE complement. The General Fund net increase of 44.8 FTE in 2003 reflects the following changes: 1) the addition of 45 Police Officers; 2) the addition of 3.0 FTE for the Compliance Coordinator's Office to meet the requirements of the Department of Justice and Police Collaborative agreements; 3) the addition of 4.8 FTE to the Police Cadet Program; 4) a reduction of 8.0 FTE due to the transfer of the Radio Services Section to the Regional Computer Center, which occurred in 2002; 5) the replacement of 1.0 FTE by contract services; and 6) the addition of 1.0 FTE for a Hostler during 2002. In the Restricted Funds, a decrease of 2.0 FTE is realized due to the transfer of the Radio Services Section to the Regional Computer Center.

The total recommended 2004 FTE is 1,397.0 for 2004 which is a net increase of 19.8 FTE compared to the 2003 complement. The net increase in 2004 reflects the addition of 15 Police Officers and the addition of 4.8 FTE to the Police Cadet Program.

DEPARTMENT OF PUBLIC SERVICES

Expenditure (in \$) and Staffing (in FTE) Summary					
	2002	2003	Change	2004	Change
General Fund	\$21,497,470	\$20,273,680	-5.7%	\$20,215,280	-0.3%
Restricted Funds	\$13,130,360	\$14,957,760	13.9%	\$13,604,750	-9.1%
Total	\$34,627,830	\$35,231,440	1.7%	\$33,820,030	-4.0%
Total With Employee Benefits	\$38,936,350	\$39,652,090	1.8%	\$38,329,010	-3.3%
All Funds Staffing	545.4	548.4	3.0	548.4	0.0

Explanation of Budget Changes

The Public Services Department's all funds 2003 departmental budget of \$35,231,440, not including employee benefits, is a 1.7% increase compared to the 2002 budget. After considering inflationary increases and adjusting for reductions to management compensation and General Fund training and non-local travel, the General Fund change is due to a reduction of \$1.7 million related to the transfer of the Recycling Program to the Restricted Fund budget, a reduction of \$1,625,610 related to the transfer of the Traffic Engineering Operations Section to the Department of Transportation and Engineering, a reduction of \$326,870 related to the transfer of the Yard Waste Program to the Restricted Fund budget, and a reduction of \$993,330 related to the shift of the Mechanical Street Sweeping Program from the General Fund to the Stormwater Management Fund 107. In addition to the program and reorganization adjustments described above, the General Fund change is also related to a \$142,950 reduction to the salt and ice control budget, a \$235,530 reduction in the slippery streets operation overtime budget, and a \$29,480 reduction for fuel. The balance of the General Fund reductions totaling \$420,170 are related to the net elimination of eight positions, the elimination of lump sum payments, and a reimbursement related to Community Problem Oriented Policing (CPOP) funding.

The reductions to the General Fund budget described above are offset by the transfer in of \$129,040 for the Keep Cincinnati Beautiful contract, an increase of \$3,324,780 due to the transfer of the Division of City Facilities Management to the Department of Public Services, and an increase of \$220,000 for an Enhanced Roadside Cleaning Program. For 2004, the General Fund budget changes primarily by inflationary increases and discontinuance of the Yard Waste Program.

After considering inflationary increases and adjusting for reductions to management compensation, the 2003 Restricted Funds budget change is primarily related to an increase of \$1,424,590 to the Infrastructure Income Tax Fund 302, and an increase of \$474,290 to the Parking Facilities Fund 102 from the transfer of the Division of City Facilities Management to the Department of Public Services. In addition to the increases related to the transfer of City Facilities Management, the Restricted Funds budget increases by \$993,330 from the shift of the Mechanical Street Sweeping Program from the General Fund to the Stormwater Management Fund 107, and an increase of \$1,056,870 in the Parking Meter Fund from the transfer of the Recycling and Yard Waste Programs from the General Fund. These increases are offset by reductions totaling \$1,892,560 from the Income Tax Infrastructure Fund 302, the Parking Meter Fund 303, and the Street Light Assessment Fund 793 related to the transfer of the Traffic Engineering Operations Section to the Department of Transportation and Engineering. The 2003 Restricted Funds Operating Budget is reduced by

\$284,980 due to the elimination of 8 positions. The 2003 Street Construction Fund 301 masonry and road materials budget is reduced by \$350,000 as well. For 2004, the Restricted Funds budget decreases by 9.1% compared to the 2003 Restricted Funds budget. After considering inflationary increases, this decrease is related to a \$360,000 reduction for salt and expert services in the Municipal Motor Vehicle License Tax Fund 306, a \$205,000 reduction for position vacancies in the Street Construction, Maintenance and Repair Fund 301, and a reduction of \$1,056,870 in the Parking Meter Fund 303 due to the discontinuance of the Recycling and Yard Waste Program.

Explanation of Staffing Changes

General Fund	(42.0)	Restricted Funds	45.0	All Funds	3.0
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The total recommended FTE is 548.4 for 2003 and 2004 which is an increase of 3.0 FTE from the 2002 budget. The reduction of 42.0 FTE in the General Fund is related to the net reduction of 8.0 FTE General Fund positions, the shift of 19.0 FTE to the Municipal Motor Vehicle License Tax Fund 306, the shift of 27.0 FTE to the Income Tax Infrastructure Fund 302, the shift of 9.0 FTE due to the shift of the Mechanical Street Sweeping Program to the Stormwater Management Fund 107, and the transfer of 2.0 FTE to the Department of Transportation and Engineering as part of the Traffic Engineering Operations Section reorganization. These General Fund FTE shifts and reductions are offset by the addition of 23.0 FTE due to the transfer of the Division of City Facilities Management to the Department of Public Services.

The net increase of 45.0 FTE in the Restricted Funds are as follows: The transfer of 19.0 FTE from the General Fund to the Municipal Motor Vehicle License Tax Fund 306, the transfer of 27.0 FTE from the General Fund to the Income Tax Infrastructure Fund 302, the transfer of 9.0 FTE to the Stormwater Management Fund 107, and the transfer in of 11.0 FTE from the Parking Facilities Fund 102 and the transfer in of 16.0 Income Tax Infrastructure Fund FTE due to the transfer of the Division of City Facilities Management to the Department of Public Services. These increases are offset by the transfer of 29.0 Restricted Fund FTE to the Department of Transportation and Engineering as part of the Traffic Engineering Operations Section reorganization and the net reduction of 8.0 FTE from the Street Construction, Maintenance and Repair Fund 301, the Income Tax Infrastructure Fund 302, and the Municipal Motor Vehicle License Tax Fund 306.

DEPARTMENT OF RECREATION

Expenditure (in \$) and Staffing (in FTE) Summary					
	2002	2003	Change	2004	Change
General Fund	\$14,605,800	\$14,503,370	-0.7%	\$14,582,540	0.6%
Restricted Funds	\$9,885,400	\$10,413,990	5.4%	\$10,433,260	0.2%
Department Total	\$24,491,200	\$24,917,360	1.7%	\$25,015,800	0.4%
Debt Service	\$649,050	\$555,230	-14.5%	\$536,890	-3.3%
Total With Employee Benefits	\$27,738,930	\$28,029,430	1.1%	\$28,181,240	0.5%
All Funds Staffing	466.3	453.7	(12.6)	453.7	0.0

Explanation of Budget Changes

The Department of Recreation's all funds 2003 departmental budget of \$24,917,360, not including employee benefits or debt service, is a 1.7% increase from the 2002 budget. After considering the inflationary increases and adjusting for reductions to management compensation and General Fund training and non-local travel, the budget change is primarily due to a one-time grant in the amount of \$200,000 which was placed in the department's General Fund budget to subsidize the City's support to Tall Stacks. General Fund reductions include the following: \$412,420 in administrative staff support; the elimination of full-time custodians to be replaced with municipal workers for a net reduction of \$111,000; \$66,230 in non-personnel reductions and to General Fund non-local travel and training; \$84,970 offsets the salary of a Community Center Director to be paid from increased fees for audio/athletics; and a decrease of \$143,615 shifts 4.0 FTE to the Infrastructure Fund 302. The General Fund budget reflects the addition of \$100,000 for a position vacancy adjustment in 2003 and 2004. The budget also reflects the addition of \$50,000 and 2.4 FTE for the new Aquatic Facility.

After considering the inflationary increases and adjusting for reductions to management compensation, the Restricted Funds expenditure increase of 5.4% compared to the 2002 Restricted Funds budget is partially offset by estimated increases in revenue from the new College Hill and Madisonville Recreation Centers, as well as by the proposed fee increases for athletics and audio programs. The 2004 budget changes primarily by inflationary increases.

Explanation of Staffing Changes

General Fund	(16.6)	Restricted Funds	4.0	All Funds	(12.6)
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The total recommended FTE is 453.7 for 2003 which is a decrease of 12.6 FTE from the 2002 budget. The General Fund budget decreases by 19.0 FTE, including a shift of 4.0 FTE to Infrastructure Fund 302 for feasibility and productivity improvements, and increases by 2.4 FTE to staff the department's new Aquatic Facility.

REGIONAL COMPUTER CENTER

Expenditure (in \$) and Staffing (in FTE) Summary					
	2002	2003	Change	2004	Change
General Fund	\$4,565,480	\$3,725,880	-18.4%	\$3,783,340	1.5%
Restricted Funds	\$881,150	\$1,492,770	69.4%	\$1,515,840	1.6%
Total	\$5,446,630	\$5,218,650	-4.2%	\$5,299,180	1.5%
Total With Employee Benefits	\$5,492,000	\$5,348,390	-2.6%	\$5,446,220	1.8%
All Funds Staffing	203.8	201.0	(2.8)	201.0	0.0

Explanation of Budget Changes

The Regional Computer Center's (RCC) all funds 2003 department budget of \$5,218,650 is a 4.2% decrease from the 2002 budget, not including employee benefits. After considering inflationary increases and adjusting for reductions to management compensation and General Fund training and non-local travel, the 18.4% decrease in the 2003 General Fund budget primarily consists of an increase of \$118,000 related to the transfer in of the Radio Services Section from the Police Department, and the following reductions: 1) a \$482,000 service reduction in the CINSY section of RCC for support of four centrally funded projects: the Metropolitan Area Network (MAN), the Human Resources Information System (CHRIS), the Cincinnati Financial System (CFS), and Network Services, which is the shared resource between the City, County, and CLEAR (Cincinnati Law Enforcement Applied Regionally); 2) \$118,000 due to the elimination of two Radio Services FTE; 3) \$44,800 for training and non-local travel; and 4) \$39,000 for reimbursement to the General Services Director's Office, which is no longer needed due to the citywide reorganization plan. A \$350,000 non-personnel reimbursement has also been added to the 2003 budget, representing resources that will be directed toward the Police Department's collaborative agreement.

The Restricted Funds 2003 budget is 69.4% higher (\$611,620) than the 2002 budget for expenses related to the transfer of the Radio Services Section of the Police Department to the Communications Technology Services Section of RCC. With this transfer, radio and telecommunications technicians are combined, which is necessary for the successful implementation of the City's new 800-megahertz communications system. The 2004 budget changes primarily by inflationary increases.

As part of the citywide reorganization plan, the General Services Department will be eliminated and the Regional Computer Center will become its own department.

Explanation of Staffing Changes

General Fund	0.0	Restricted Funds	(2.8)	All Funds	(2.8)
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The total recommended FTE is 201.0 for 2003 and 2004, which is a net decrease of 2.8 FTE when compared to the 2002 complement of 203.8 FTE. In the General Fund, 2.0 Radio Services FTE were added in 2002 as part of the transfer of the Radio Services Section from the Police Department and these positions are eliminated. In the Regional Computer Fund 702, 7.8 unfunded FTE are eliminated, along

with 3.0 FTE in the Operations Section of RCC that are no longer needed. In the Cable Communications Fund 424, 8.0 Radio Services FTE were transferred in to the Communications Technology Services Section of RCC from the Police Department during 2002, offset by the elimination of 1.0 FTE which is not related to Radio Services. Additionally, 1 FTE is transferred from the General Services Department to RCC as part of the citywide reorganization plan.

DEPARTMENT OF SEWERS

Expenditure (in \$) and Staffing (in FTE) Summary					
	2002	2003	Change	2004	Change
General Fund					
Restricted Funds	\$82,977,600	\$82,243,960	-0.9%	\$85,114,770	3.5%
Department Total	\$82,977,600	\$82,243,960	-0.9%	\$85,114,770	3.5%
Debt Service	\$45,002,400	\$42,853,150	-4.8%	\$45,184,645	5.4%
Total With Employee Benefits	\$137,376,130	\$133,601,350	-2.7%	\$139,042,110	4.1%
All Funds Staffing	752.0	724.0	(28.0)	724.0	0.0

Explanation of Budget Changes

The Department of Sewers all funds 2003 departmental budget of \$82,243,960, not including employee benefits, debt service, and overhead, is a .9% decrease from the 2002 budget. After considering inflationary increases and adjusting for reductions to management compensation, the budget change is primarily due to staff reductions in the Metropolitan Sewer District and Stormwater Management Utility (SMU) budgets.

Explanation of Staffing Changes

General Fund	0.0	Restricted Funds	(28.0)	All Funds	(28.0)
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The total recommended FTE is 724.0 for 2003, which is a reduction of 28.0 FTE from the 2002 budget. The MSD FTE count of 705.0 is a reduction of 25.0 FTE. The SMU FTE count of 19.0 is a reduction of 3.0 FTE. The FTE decrease is a continuation of staff reductions to bring about efficiencies while leveling operational costs.

Metropolitan Sewer District (MSD) Fund 701

The MSD departmental budget of \$77,466,020, excluding employee benefits, debt service, and overhead, is a decrease of .7% from the 2002 budget. After considering inflationary increases and adjusting for reductions to management compensation, the budget change is primarily due to estimated year-end operating expenditures being lower in 2002 than the approved 2002 budget. The 2003 budget was based on 2002 estimated year-end operating expenditures. Personnel cost decreased as a result of a 25.0 FTE reduction. Additional security measures (\$206,200) and an increase in building insurance (\$240,000) in response to potential terrorists activities increases non-personnel costs. An increase of \$376,580 also occurred in automotive equipment where the replacement of one flush/vac vehicle (\$255,000) and one TV truck (\$175,000) is budgeted. Both are needed to reduce vehicle repair down time and for MSD to meet the Interim Consent Decree requirements for the remediation of Sanitary Sewer Overflows in Hamilton County. The Interim Consent Decree is the agreement between MSD and the US Environmental Protection Agency that obligates MSD to eliminate the 17 most active Sanitary Sewer Overflows (SSOs) in the next five years, gives a reasonable amount of time to identify the most effective way to eliminate all remaining SSOs, and allows MSD to resolve the issues with minimal impact on customer rates. The 2004 budget changes primarily by inflationary increases.

	2002	2003	Change	2004	Change
General Fund					
Restricted Funds	\$78,048,020	\$77,466,020	-0.7%	\$80,312,720	3.7%
Department Total	\$78,048,020	\$77,466,020	-0.7%	\$80,312,720	3.7%
Debt Service	\$43,837,000	\$41,731,250	-4.8%	\$44,106,245	5.7%
Total With Employee Benefits	\$131,074,980	\$127,480,240	-2.7%	\$132,934,260	4.3%
All Funds Staffing	730.0	705.0	(25.0)	705.0	0.0

Stormwater Management Utility (SMU) Fund 107

The Sewers 2003 SMU departmental budget of \$4,777,940 excluding employee benefits, debt service, and overhead, is a decrease of 3.1% from the 2002 budget. After considering inflationary increases and adjusting for reductions to management compensation, the budget change is primarily due to reductions in personnel. Reductions were made in personnel with a 3.0 FTE decrease (\$150,000 in salary and benefits) in budgeted positions reflecting a more efficient operation. Adjustments within the SMU budget will allow for compliance with the National Pollutant Discharge Elimination System (NPDES) Phase II permit requirements (\$232,483) set forth by the United States Environmental Protection Agency. NPDES requires local governments to take action to improve water quality in areas rivers and streams. Communities will be required to reduce the pollution load coming from their storm sewers and ditches. Local governments are required to develop a storm water management program that implements minimum control measures by March 10, 2003. SMU will continue to meet all major services including flood control, drainage master planning, capital improvement projects, and routine and remedial maintenance. The 2004 budget changes primarily by inflationary increases.

Expenditure (in \$) and Staffing (in FTE) Summary					
	2002	2003	Change	2004	Change
General Fund					
Restricted Funds	\$4,929,580	\$4,777,940	-3.1%	\$4,802,050	0.5%
Department Total	\$4,929,580	\$4,777,940	-3.1%	\$4,802,050	0.5%
Debt Service	\$1,165,400	\$1,121,900	-4.8%	\$1,078,400	-3.9%
Total With Employee Benefits	\$6,301,150	\$6,121,110	-2.7%	\$6,107,850	-0.2%
All Funds Staffing	22.0	19.0	(3.0)	19.0	0.0

SOUTHWEST OHIO REGIONAL TRANSIT AUTHORITY (SORTA)

Expenditure (in \$) and Staffing (in FTE) Summary					
	2002	2003	Change	2004	Change
General Fund					
Restricted Funds	\$37,301,700	\$35,535,250	-4.7%	\$36,957,890	4.0%
Total	\$37,301,700	\$35,535,250	-4.7%	\$36,957,890	4.0%
Total With Employee Benefits	\$37,301,700	\$35,535,250	-4.7%	\$36,957,890	4.0%
All Funds Staffing					

Explanation of Budget Changes

The 2003 Transit Fund budget for the City's contract with SORTA is a 4.7% decrease compared to 2002. The recommended 2004 SORTA budget of \$36,957,890 is a 4.0% increase compared to 2003. Because a 2003-2004 budget request was not submitted by SORTA during the development of the City's budget, the 2003 and 2004 recommended SORTA budget is based on a revenue and expenditure projection for the Income Tax Transit Fund 759. After the actual budget SORTA submission is received and reviewed, any necessary adjustments to the current 2003 and 2004 recommendation will be made during the budget appropriation process.

DEPARTMENT OF TRANSPORTATION AND ENGINEERING

Expenditure (in \$) and Staffing (in FTE) Summary					
	2002	2003	Change	2004	Change
General Fund	\$1,784,830	\$2,954,580	65.5%	\$3,069,450	3.9%
Restricted Funds	\$5,113,900	\$6,627,380	29.6%	\$6,964,180	5.1%
Department Total	\$6,898,730	\$9,581,960	38.9%	\$10,033,630	4.7%
Debt Service	\$963,750	\$939,380	-2.5%		-100.0%
Total With Employee Benefits	\$8,787,010	\$11,612,820	32.2%	\$11,175,200	-3.8%
All Funds Staffing	175.5	197.0	21.5	197.0	0.0

Explanation of Budget Changes

The Transportation and Engineering Department's all funds 2003 departmental budget of \$9,581,960, not including employee benefits or debt service, is a 38.9% increase from the 2002 budget. After considering the inflationary increases and adjusting for reductions to management compensation and General Fund training and non-local travel, the General Fund change is primarily due to the addition of \$1,625,610 as part of the transfer in of the Traffic Engineering Operations Section from the Department of Public Services, and an increase of \$67,180 to cover the City's portion of the Transit Center operating costs. These increases are offset by the following reductions: \$309,970 related to the elimination of eight General Fund positions; \$46,630 for increased reimbursements in the Director's Office and the Division of Transportation Planning and Urban Design; \$8,950 in expert services; and \$110,950 for rent that will no longer be needed. The 2004 General Fund changes primarily by inflationary increases.

After considering the inflationary increases and adjusting for reductions to management compensation, the 2003 Restricted Funds budget increase of 29.6% compared to 2002 is related to the transfer in of the Traffic Engineering Operations Section from the Department of Public Services. As part of this reorganization, \$1,079,600 is being transferred from the Income Tax Infrastructure Fund 302, \$472,580 is being transferred from the Parking Meter Fund 303, and \$340,380 is being transferred from the Street Lighting Assessment Fund 793. These increases are offset by a \$400,000 reduction to the Income Tax Infrastructure Fund related to the Crack and Slurry Seal Program, a reduction of \$16,270 from the downgrading of a senior management position, and a \$67,530 reduction related to the elimination of two Income Tax Infrastructure positions. For 2004, the increase is related to inflationary increases and the restoration of \$200,000 to the Crack and Slurry Seal Program. Given the quality of city streets, the Crack and Slurry Seal Program can be reduced for one year.

Explanation of Staffing Changes

General Fund	(6.0) Restricted Funds	27.5 All Funds	21.5
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The total recommended FTE is 197.0 for 2003 which is an increase of 21.5 FTE from the 2002 budget. This change is primarily due to the transfer in of the Traffic Engineering Operations Section from the Department of Public Services to the Department of Transportation and Engineering. As part of this reorganization, a total

of 31.0 FTE are being transferred to the Department of Transportation and Engineering. These 31.0 FTE include 26.0 FTE from the Income Tax Infrastructure Fund 302, 2.0 FTE from the General Fund, 2.0 FTE from the Parking Meter Fund 303, and 1.0 FTE from the Street Lighting Assessment Fund 793. Additional changes include an offsetting reduction of 8.0 FTE in the General Fund, increase of .5 FTE in the General Aviation Fund 104, and a reduction of 2.0 FTE from the Income Tax Infrastructure Fund. For 2004, the total recommended FTE is 197.0, which is the same as the 2003 FTE.

DEPARTMENT OF WATER WORKS

Expenditure (in \$) and Staffing (in FTE) Summary					
	2002	2003	Change	2004	Change
General Fund					
Restricted Funds	\$50,523,220	\$54,292,170	7.5%	\$55,914,530	3.0%
Total	\$50,523,220	\$54,292,170	7.5%	\$55,914,530	3.0%
Debt Service	\$27,588,890	\$30,488,910	10.5%	\$32,053,670	5.1%
Total With Employee Benefits	\$85,764,430	\$92,612,190	7.9%	\$96,020,420	3.7%
All Funds Staffing	634.8	645.9	11.1	640.9	(5.0)

Explanation of Budget Changes

The Cincinnati Water Works all funds 2003 departmental budget of \$54,292,170, not including employee benefits, debt service, and overhead, is a 7.5% increase from the 2002 budget. After considering inflationary increases and adjusting for reductions to management compensation, the budget change is primarily due to service expansion into the City of Mason and Northern Kentucky. The operating and maintenance contract with the City of Mason will add \$1,787,190 to operating expenditures. The water sales contract with Northern Kentucky (projected to start in March 2003) will add \$1,194,360 to operating expenditures. An increase of \$248,020 for building and structure insurance and \$40,680 for EPA license are included in the 2003 budget. The 10.5% increase in the 2003 debt service budget is due to an increase in planned capital investment. The 2004 budget changes primarily by inflationary increases.

Explanation of Staffing Changes

General Fund	0.0	Restricted Funds	11.1	All Funds	11.1
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The total recommended FTE is 645.9 for 2003 which is an increase of 11.1 FTE from the 2002 budget. This increase is due to the service expansion contract with the City of Mason that was approved by City Council in March 2002. The total recommended 2004 FTE is 640.9, which is a reduction of 5.0 FTE from the 2003 budget due to operating efficiencies created by the Automated Meter Reader project. 3.0 FTE Water Customer Service Representative 1's and 2.0 FTE Water Meter Readers will be eliminated.

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GLOSSARY OF TERMS



AGENCY: An organizational entity of the City of Cincinnati. Usually it relates to a Department of the City (such as the Department of Police, or Public Services, etc.). It may also relate to a subordinate division of a Department, such as an operating Division.

APPROPRIATION: Legislation by the City Council approving the budgets for individual funds. Appropriation ordinances authorize spending in the personnel services, non-personnel services, employee benefits, equipment accounts, debt service, and capital categories. Departments cannot spend more money than is approved in these categories. Appropriations can only be adjusted by passage of a subsequent ordinance by the City Council upon recommendation by the City Manager.

BDS: See Budget Development System.

BIENNIAL BUDGET: A budget for a two-year period. The City of Cincinnati's biennial schedule was initiated in 1993. The biennial budget cycle is 2001/2002, 2003/2004, and so on.

BOND: A long-term promissory debt obligation issued in order to generate financing for the construction, rehabilitation, or upgrade of City assets. The sale of bonds is the primary method of financing a capital program.

BUDGET DEVELOPMENT SYSTEM (BDS): An automated system used to prepare the biennial Operating Budget and related reports. This system is similar to the Capital Budget System (CBS) used to prepare the City's Capital Budget. It is supported by the Cincinnati Financial System (CFS).

CAPITAL BUDGET COMMITTEE: A committee comprised of the Deputy City Manager, Assistant City Manager, and the department heads of City Planning, General Services, Community Development, Finance, Parks, Recreation, Transportation & Engineering, and Water Works. This committee meets with representatives from all City agencies, reviews analyses of Capital requests, and recommends a balanced Capital Budget to the City Manager for presentation to the City Council.

CAPITAL INVESTMENT PROGRAM (CIP): The six-year plan for capital investment in Cincinnati's future through improving City streets, bridges, recreation facilities, parks, health facilities and buildings, and other capital assets, all of which enhance the delivery of services. It coordinates the financing and timing of improvements to maximize their value to the public.

CAPITAL OUTLAY: **Expenditure** category for the cost of equipment, vehicles and other fixed assets (major object code 7600 in the Cincinnati Financial System).

CARRYOVER BALANCE: The net balance in a fund at the end of the fiscal year due to savings (when total expenditures and encumbrances are less than the appropriations), canceled encumbrances (when a contract is completed for less cost than the encumbered amount or not needed at all), or revenues in excess of estimates for that year.

CDBG: See Community Development Block Grant.

CINCINNATI FINANCIAL SYSTEM (CFS): An automated system to process financial transactions and prepare related reports. This system supports the Budget Development System (BDS).

CINCINNATI NEIGHBORHOOD ACTION STRATEGY (CNAS): City staff serves on interdepartmental teams to work with neighborhoods to identify their assets and concerns. CNAS is a partnership with neighborhood residents to develop actions to address those concerns. CNAS teams began in five pilot neighborhoods in 1995 and are now in all 52 City neighborhoods.

CIP: See Capital Investment Program.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG): The Federal grant which supports housing, economic development, health and human services, and planning and administration.

CONSOLIDATED PLAN: The U.S. Department of Housing and Urban Development requires the submission of a consolidated plan for the following Federal entitlement grant programs: Community Development Block Grant, HOME Investment Partnerships Program, Emergency Shelter Grants, and HOPWA. The plan also provides the framework for competitive grant applications for other housing and community development programs.

CONTINUATION SERVICES BUDGET: A budget in which the City provides nearly the same level of services which were provided in the previous year.

CONTRACT AGENCIES: The City contracts with some agencies to provide services, such as the Citizens' Committee on Youth (CCY), the Cincinnati Human Relations Commission (CHRC), and the Southwest Ohio Regional Transit Authority (SORTA). These entities are not City departments, nor do City employees operate them, but the services are paid for in part by City funds and grants received from the City.

DEBT SERVICE: Scheduled payment of the interest and principal to bond holders which is necessary to retire bond indebtedness.

DEPARTMENT: A basic organizational unit of government which may be sub-divided into divisions, programs, and activities.

EBC: See Executive Budget Committee.

EMERGENCY SHELTER GRANT: Federal funds to provide capital and operating support for emergency shelters and transitional housing for the homeless.

EMPLOYEE BENEFITS: City-contributed costs for pension and other benefits for City employees. Other benefits include health care, unemployment compensation, vision and dental care, deferred compensation, and the Public Employees Assistance Program (PEAP).

ENCUMBRANCE: An amount of money committed for the payment of goods or services ordered but not yet received.

ENTERPRISE FUNDS: A type of restricted fund which is used to account for the expenditures and revenues of enterprise operations such as the City's Water Works Department and Parking Facilities Division. Enterprise funds are self-supporting from the sale of goods and services.

EQUIPMENT ACCOUNTS: Expenditure categories for "Motorized and Construction Equipment" (MCEA) and "Office and Technical Equipment" accounts (OTEA). MCEA is used for purchases of autos, trucks, backhoes, etc. OTEA is for desks, office partitions, calculators, etc.

EXCEPTION REQUEST: Programs and/or items which are not included in the base requested or recommended budget. These include new program proposals or extraordinary increases which could not be included in the budget target.

EXECUTIVE BUDGET COMMITTEE (EBC): The members of this committee are the City Manager, the Deputy City Manager, the Assistant City Manager, the Director of Finance, and the Manager of Budget and Evaluation. The EBC is the City Manager's administration team to develop budget and policy recommendations to the City Council.

EXPENDITURE: The cost for the personnel, materials, and equipment required for a department to function.

FISCAL YEAR (FY): Cincinnati's fiscal year runs from January 1 through December 31.

FTE: See Full-Time Equivalent below.

FULL-TIME EQUIVALENT (FTE): FTE is a measure of a position by its budgeted hours. For example, 1 FTE equals 2088 hours and .75 FTE equals 1566 hours.

FUND: A fiscal and accounting entity with a self-balancing set of accounts to record revenue and expenditures.

FUND ACCOUNTING: Accounting method of providing information on City receipts and disbursements in separate categories or "funds". Governments use fund accounting to segregate sources of revenue and the purposes for which they are to be used. For instance, Water Works Fund 101 only receives funds generated from water charges and only expends funds related to water system activities.

GENERAL FUND: This fund accounts for the current assets, current liabilities, revenues, and expenditures that arise from general government operations. The main revenue sources of this fund are income and property taxes.

HOME: HOME Investment Partnerships Program. A Federal grant program to provide housing for low-income persons.

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA): A Federal grant program to provide housing for persons with AIDS.

INFRASTRUCTURE: Long-lived assets such as highways, bridges, buildings, and public utilities. A primary funding source for infrastructure maintenance is provided by a tax of one tenth of one percent on earned income, which was approved by voters in 1988. It is legally mandated that collection of this additional tax is subject to the City spending 90% of a base amount within three years. The base amount is calculated by an established formula. This budget and expenditures requirement to continue the 0.1% income tax is referred to as the "infrastructure mandate."

INTERDEPARTMENTAL CHARGES: Accounts for the reimbursement of the cost of services provided to departments by other departments. For example, the Reproduction Services program might process an interdepartmental bill (I.D. bill) to charge the Recreation Department for printing a brochure.

INTERNAL SERVICE FUNDS: A type of restricted fund used to finance and account for goods and services provided in-house by a City Department, such as the Fleet Services Fund.

NON-PERSONNEL SERVICES: Operating expenditure category for non-salary related items, such as office supplies, office space rental, contracts, computer costs, gasoline, etc. (major object code series 7200-7300-7400 in the Cincinnati Financial System).

OPERATING BUDGET: The budget which encompasses day-to-day municipal activities. The Operating Budget includes employee salaries, supplies, and other non-personnel items related to current activities. The Operating Budget also includes debt service and overhead costs for these operations.

PERSONNEL SERVICES: Expenditure category for the cost of employee salaries and compensated absences such as vacations and sick leave (major object code 7100 in the Cincinnati Financial System).

PRIOR YEAR ENCUMBRANCES: Obligations from previous fiscal years in the form of purchase orders, contracts, or salary commitments which are chargeable to an appropriation and for which a part of that annual appropriation has been reserved. They cease to be encumbrances when the obligations are paid or otherwise terminated.

PROGRAM: A group of similar activities, or a type of service, which is organized as a sub-unit of a department for planning and performance measurement purposes.

RESERVE FOR CONTINGENCIES: An appropriation which is set aside for unanticipated or potential expense items that cannot be deferred until the next budget cycle. This is an account routinely appropriated in the General Fund to enable the City Council to adjust the budget during the year without affecting other budgeted services.

RESOURCES: Total dollars available for budget purposes including revenues, fund transfers, and beginning fund balances.

RESTRICTED FUNDS: Funds restricted to a specific purpose, such as Parking, Lunken Airport, and Municipal Golf Funds.

REVENUES: The annual income or receipts of the City from taxes, charges, and investments.

SPECIAL ORGANIZATIONAL REPORTING AUTHORITIES: Agencies of the City which include its various Boards and Commissions, as well as contract agencies and county-wide departments.

STAFFING LEVELS: Estimated number of FTE needed to perform the work at a stated level of service.

TRANSIT OCCUPANCY TAX: The City's 4% tax levied on all rents received by a hotel for lodging furnished to transient guests. Tax receipts are dedicated to financing the operating and maintenance costs of the City's convention center, and, beginning in 2003, to help finance the expansion of the convention center.

TRUST FUND: A fund to account for assets in which the City acts in a trustee capacity or as an agent for other governmental units. The Metropolitan Sewer District (owned by the County but operated by the City) and Pension Trust are examples of trust funds.

UNAPPROPRIATED SURPLUS: The amount of money in a fund not appropriated by the City Council. The balance remains in the fund until the City Council approves spending by passing an appropriation ordinance.

USER CHARGES/FEEs: The payment of a fee for direct receipt of a public service by the party benefiting from the service.

WORKING CAPITAL RESERVE: Monies which are set aside to provide a reserve in case of a disaster or fiscal emergency. The policy of the City Council is to maintain a balance in the Working Capital Reserve Fund between 5 and 8 percent of General Fund revenues in each year.

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City of Cincinnati



Interdepartmental
Correspondence Sheet

November 25, 2002

To: Mayor and Members of City Council

From: Valerie A. Lemmie, City Manager

Subject: Managed Competition – Overall Policies and Guidelines for Implementing
Managed Competition Across the City Organization

Document #200205982

With passage of the City's 2002 budget, City Council directed the administration to engage in a managed competition process for specific City services. Since that time, there have been a number of reports presented and direction provided by City Council on policies and guidelines for implementing a managed competition process. Coupled with this feedback, the administration secured the services of CGS Consulting, LLC to assist with developing final policies and guidelines for implementing managed competition across the City organization.

These guidelines were developed with the input of a taskforce made up of City staff as well as the presidents of the City's AFSCME local unions. In developing the policies, the taskforce used the following mission as its guiding principal:

"The goal of the City is to find the most efficient way of delivering cost effective, quality City services which seek to realize the customers' expectations. As with any government agency, the goal of City agencies should be to provide value to the public with the public's money."

Attached is a document for City Council consideration titled "Policies and Guidelines for Implementing Managed Competition Across the City Organization." This document outlines the proposed policies in seven key areas. The City would follow these guidelines when pursuing any managed competition process for a City service. A managed competition process would be the search for a private contractor to provide the full range of services currently provided by City employees in an operation. The policies cover such areas as: 1. how additional services for consideration in the managed competition process will be identified, 2. wage and benefit requirements for contractors submitting bids, and 3. the transition of employees being displaced by services contracted out.

It should be pointed out that these policies are the overall guidelines that would be followed in any managed competition process for City services. Because different services have different delivery and operation requirements, additional policies and guidelines would be developed and incorporated in the requests for proposals (RFP's) for specific services. For example the terms and conditions necessary for operation of a convention center will be different than the terms and conditions for operating a vehicle parts inventory operation.

Finally I have also attached the consultant's report and recommendations so that you can see in detail the consultant's feedback on the guidelines initially developed by the city taskforce.

It is recommended that City Council approve the attached policies and guidelines for implementing a managed competition process in the city.

cc: David E. Rager, Director, Water Works



Attachment 1: Policies and Guidelines for Implementing Managed Competition Across
the City Organization

Attachment 2: CGS Consulting Report

City of Cincinnati

Policies and Guidelines for Implementing Managed Competition Across the City Organization

1. Business Evaluation Team – a continuous process for evaluating managed competition opportunities

It is the responsibility of the staff within departments to determine the most effective and efficient method of delivering services. Towards that end departments are expected to continuously evaluate whether providing a service with either internal or external personnel results in improved service delivery and/or reduced cost. To assist departments with the process, a Business Evaluation Team will be created within the city administration. The City's Budget and Evaluation Office will staff the Business Evaluation Team (BET). To insure that the BET is following the direction and guidelines of the City Council and City Manager, an advisory working group will be created, made up of the City Budget Director, two representatives from operating departments, a representative from the city's internal audit functions, and the president from one of the city's AFSCME local unions.

Working with departmental management and consistent with direction of the City Council and City Manager, the Business Evaluation Team (BET) will develop a running list (Project List) of potential Managed Competition projects involving City services. At least quarterly, the BET will evaluate the Project List and determine those projects that are likely to be completed within the next year (Short-Term Projects). For each Short-Term Project, the BET will meet with departmental management and employee representatives, as necessary, to discuss and agree on the timetable leading up to the issuance of the RFP for that Short-Term Project.

Following the BET's development of the timetable for the release of the RFP for the Short-Term Project, department management and employee representatives should decide on the degree to which a full-scale re-engineering of the service is warranted in order to prepare for the RFP. If they decide that an Employee Team will indeed compete for the right to continue to provide the service, they will begin the re-engineering process with a Service Review. The Service Review would identify exactly what is the service being delivered, what performance measures are being used to determine levels of customer satisfaction with the service, and what resources (equipment, materials, and personnel) are being used to deliver the service. While all Short-Term Projects shall include a Service Review stage, the City may conduct other Service Reviews of services that will not be subject to Managed Competition. That is, department management, working with its employees, may complete Service Reviews of other City services without being required to move into a Managed Competition if the particular City service is not included on the Project List.

The department would then complete a Process Review to determine what internal changes, if any, could be made to the delivery of the service that would result in improving the service and/or costs. It is possible that the department will need outside expert services to assist with this Process Review. This Process Review will likely result in the development of the Employee Team's "ideal" organization and process for delivering the service - the Most Efficient Organization (MEO). Once process improvements are identified, then a detailed budget identifying the capital investment and operational costs of the MEO would be developed. The detailed budget, which would include an appropriate share of departmental overhead and some portion of the cost of project-specific expert services used in developing the re-engineered process (as determined by the BET), then becomes the benchmark for comparison and is incorporated into the Employee Team's response to the RFP.

As the departmental Employee Team is conducting the Service and Process Reviews in anticipation of an RFP, the BET proceeds with the development of the RFP with the assistance of departmental Subject Matter Experts (SME's), as required. Those departmental personnel assisting the BET with the development of the RFP may not jointly participate in the development of the Employee Team's MEO. As the RFP is finalized and released, the BET will treat the competing Employee Team and Contractor(s) as equivalently as is reasonably possible. If a Contractor proposal guarantees projected total costs lower than the Employee Team's benchmark MEO for the same level of service, then the department proceeds with contracting with the lowest and best bidder, in this case the Contractor. If the Employee Team is determined to have the lowest and best bid, then the Employee Team's MEO operational and financial commitments shall be captured in a Memorandum of Understanding (MOU) that shall function similarly to an external contract in that persistent failure to meet the commitments of the MOU shall result in termination of the agreement with the Employee Team and a move to find an alternative provider of services.

The BET shall be a standing organization tasked with conducting the bidding process with Employee Teams and Contractors. The tasks of the BET would include: 1) Developing the Project List; 2) Working with departmental management to identify Short-Term Projects and associated timetables; 3) Developing RFPs to ensure the City's overall terms and conditions are incorporated in the bid; 4) Evaluating bids from Employee Teams and Contractors, including comparing costs and service commitments; and 5) Ensuring that adequate contract monitoring procedures are put in place by the overseeing department, whether the service provider be a Contractor or an Employee Team.

In order for the Managed Competition initiative to succeed over the long term, the City must create a dedicated, independent BET with appropriate authority, staffing, and resources. The BET will have at least one full-time, dedicated member and should have appropriate access to, as needed, skilled analyst support from the following agencies: Internal Audit Division; Budget and Evaluation Division; Purchasing Division; Law Department; Office of Contract Compliance. In addition, departmental SME's will support the work of the BET on a project-by-project basis, as needed.

The BET will confirm that all bids demonstrate the following:

- Compliance with all applicable laws and regulations;
- Compliance with Equal Employment Opportunity policies of the City;
- The City's Equal Business opportunity requirements;
- The financial stability of the service provider;
- The capacity of the service provider to perform the service;
- The existence of written safety policies and safety records.

2. Wages

Contractors will be required to comply with the current terms and conditions of the city's living wage ordinances and policies. Bids that do not comply with the living wage provisions (i.e. \$8.70 per hour with health care benefits or \$10.20 per hour without health care benefits for full-time positions) will be considered non responsive and not included in the bid evaluation process.

The RFP will require bidding contractors to provide detailed information on employee compensation programs, including all wage rate information (including wage ranges) for all positions performing duties associated with the contracted service. The Business Evaluation Team (BET) will compare this information to the compensation currently provided to City employees. The RFP will stipulate that evaluation of the proposals will include a review of the compensation plan offered by the contractor and the evaluation of proposals will include a review of the entire compensation package including wages and benefits.

3. Transition of Employees Displaced by Managed Competition

If it is determined that a service previously provided by City employees should be granted to a private contractor, the City will minimize layoffs of employees through attrition, retraining for other positions (inside and outside of City employment), or placement with the private contractor. At the time the RFP is developed, the competing City agency, with the assistance of the BET, City HR, and the employee union, will draft a transition plan for the potential conversion of service delivery to private contract. The plan should, at a minimum, address the following points:

- Transfer of affected employees to other vacant, funded City positions.
- Identification of employees likely to leave the City by attrition.
- Identification of job openings that the contractor will offer to affected City employees.
- A plan for retraining and out-placement services for affected City employees, including short-term training to enable employees to secure comparable employment elsewhere.

- The City will lay off employees in accordance with the existing laws, union agreement as it relates to layoffs or displacements, and the personnel policies of the City.
- Recall of City employees who have been laid off as a result of services being contracted out will be conducted according to the existing laws, union agreement, and the personnel policies of the City.”

The specific provisions of the transition plan will be finalized as the City completes its selection of a designated Contractor or Employee Team.”

4. Placement of employees with successful bidder

Except where determined to be unnecessary or counterproductive by the BET, in agreement with affected employee union representatives and department management, the contractor shall offer to City employees (who have been displaced as a result of the contract) a “right of first refusal” for employment openings under the contract for which they are qualified. The contractor shall guarantee employment for one year for any displaced City employee who has been hired by the contractor as a result of the managed competition process. Employees could be dismissed within the one-year period for just cause. Any City employee seeking placement with the contractor is subject to all pre-employment screening evaluations typically mandated by the contractor during the hiring process. As part of the RFP process, the contractor will be required to identify any pre-employment screening requirements.

The RFP should require that Contractors and Employee Teams provide aggregate information regarding employee attrition rates over the last two years. After receiving proposals, the BET may determine that additional, supporting information on employee attrition is warranted and may request such from the Contractors and/or Employee Teams.”

5. Health Benefits

The BET may determine that a contractor provide health benefits to all or a subset of positions involved in the delivery of a particular service. The determination in part will be based upon whether positions are full-time or part-time or seasonal/casual work assignments. When it is determined that benefits will be required the Contractor shall, at all times during the term of the contract, offer to its employees and their dependents continuous medical, dental, and vision insurance that is evaluated by City Finance (or its designated expert evaluator) to be generally comparable to that provided by the City to its employees in terms of services covered, access to those services, and cost. The union(s) representing the affected employees may also participate in this review, if they so desire. At the time that the RFP is released, the City shall make available to the Contractors all information necessary to understand the City’s existing insurance plans as pertaining to the affected City employees.

Benefits insurance coverage offered by the Contract[or] will be submitted with the Contractor's proposal and evaluated as part of the total compensation package. The RFP may require that the Contractor submit the benefits information in a table or other format that allows for ease of understanding and comparison.”

6. Other Benefits and Compensation

The contractor shall be required to provide information on what coverage, if any, they provide for the following benefits. If coverage is provided, the contractor shall include a description of the conditions under which the contractor’s employees are able to make use of the benefits.

- Pension/retirement plan;
- Workers’ compensation insurance;
- Unemployment insurance;
- Vacation benefits;
- Short-term disability or sick leave benefits;
- Life insurance; and
- Long-term disability insurance.

7. Workplace and Employee Safety

The contractor shall follow and remain in compliance with all federal, state, and local work safety laws, rules, and regulations for the duration of the contract. The City reserves the right to reject any proposal solely on the basis of the bidder’s safety performance record.

The RFP shall require that Contractors and Employee Teams submit general information concerning the safety programs and policies applicable to the scope of services included in the RFP. Additional, supporting information, including details on specific procedures or Material Safety Data Sheets for products used in the provision of the service, may be requested by the BET as the proposals are further evaluated if the BET determines that the information initially provided with the proposals is insufficient to assess the Contractor’s and/or Employee Team’s safety record and procedures. The name of the person(s) responsible for employee safety shall be included. Nothing in this specified policy shall in any way restrict the City’s ability to secure the information needed to ensure that the competing Contractors and Employee Team propose to perform the scope of services in a manner that protects the welfare and safety of citizens and employees.

If any OSHA, federal, state, or local safety investigation personnel have inspected the firm within the past two years, a copy of that report shall also be included with the bid submission. Any awards for safety, or citations for safety violations, shall be noted in the proposal. Bidders are also required to provide a listing of all OSHA reportable employee injuries within the past two years and a listing of all members of the general public injured by employees while they were performing their duties for the company within the past two years. These listings shall briefly describe the incident, the type and extent of

the injury, an indication if the injury was reported to any federal, state, or local safety organization, and any corrective action taken by the vendor to prevent similar accidents.”

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City of Cincinnati Managed Competition Policies Assessment

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November 27, 2002

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1 Introduction to the City of Cincinnati's Managed Competition Initiative

1.1 Council Direction

On December 19, 2001, the City of Cincinnati Council (Council) identified certain City functions to be considered for “Managed Competition”. The motion identifying the services was as follows:

MOTION, dated 12/17/01, submitted by Mayor Luken and Councilmembers Cranley, DeWine, Monzel, Pepper, and Tarbell, that the City engage in a managed competition Process whereby City agencies are able to compete with the private sector to provide the following services: Street Sweeping (Maintaining funding at 2002 budgeted level but improving services), Operation of the Albert B. Sabin Convention Center, Fuel Management System, Computing and Telecommunications Services.¹

1.2 Background

The term “Managed Competition”, as applied to the provision of public services, became prominent in the 1990s as a result of efforts in cities like Phoenix, Indianapolis, and Charlotte to introduce market pressures into the delivery of particular municipal services by structuring periodic competitions between public employees and experienced contractors for the right to provide a particular service.² Managed Competition is one of a range of managerial tools used by public agencies under the broad rubric of “Reinventing Government” in order to improve the efficiency, effectiveness, and responsiveness of American government.

Managed Competition generally applies to a process whereby the public agency (the Agency) responsible for ensuring that a service is delivered requires that the incumbent public employees (the Employee Team) currently providing the service compete with external organizations (Contractors) for the right to continue to provide the service. The Agency conducts the process in such a way as to treat all competing parties as equally as possible (Competitive Neutrality) and entertains formal proposals from the Employee Team and the Contractors by way of a Request for Proposals (RFP) process.

Once formal proposals are received, the Agency usually selects either the Employee Team or a Contractor using the “lowest and best” criteria outlined in the RFP. The Agency then works to ensure that the scope of services is delivered by the selected organization through the use of a formal agreement (a contract with the Contractor or a

¹ City of Cincinnati Ref. Document 200104400, 2/27/02.

² Osbourne, David and Peter Plastrik. Banishing Bureaucracy: The Five Strategies for Reinventing Government. Reading, MA: Addison-Wesley, 1996. p. 131.

Memorandum of Understanding with the Employee Team) and on-going compliance monitoring efforts.

1.3 Task Force

As a result of the City Council's motion on 12/19/01, the interim City Manager formed a Task Force comprised of employees and their representatives to study the issue and to present recommendations concerning policies that would be used to structure the City's Managed Competition effort. Acting Deputy City Manager David Rager, full-time Director of the Greater Cincinnati Water Works, was selected to convene and facilitate the Task Force's efforts.

The Task Force included 19 members comprised of line employees, managers, and union representatives. The Task Force convened approximately 6-7 times to consider issues relating to Managed Competition, especially as affecting City employees.³ The Task Force established the following mission statement:

*"The goal of the City is to find the most efficient way of delivering cost effective, quality City services which seek to realize the customers' expectations. As with any government agency, the goal of City agencies should be to provide value to the public with the public's money."*⁴

Drawing from a range of resources, including studies of Managed Competition efforts in Phoenix and San Diego and the City's own history of contracting for various services, the Task Force developed a "Managed Competition Policies" document that outlined its recommendations concerning seven (7) key issues that relate to Managed Competition.

1.4 Nature of This Review

On July 1, 2002, the City of Cincinnati contracted with CGS Consulting, LLC (CGS) to provide a series of deliverables related to the development of a Managed Competition process. The first deliverable identified was to provide a document considering the Task Force's recommended Managed Policies (the Review).

In order to develop this Review, CGS studied the Task Force's Managed Competition Policies document and researched both supporting and alternative viewpoints concerning the recommendations. In order to ensure that the Task Force's document was sufficiently understood and to exchange ideas, CGS met with members of the Task Force on Wednesday, July 17, 2002. In addition, CGS met with members of the Task Force on Wednesday, July 31, 2002 in order to review an initial draft of this Review. Based on firm experience in conducting Managed Competition projects on behalf of communities throughout the United States, the research conducted, and the discussion with Task Force members, CGS developed this Review to evaluate the Task Force's policies and to provide alternative recommendations, where warranted.

³ Per discussion with David Rager, 7/11/02.

⁴ City of Cincinnati Ref. Document 200104400, 2/27/02.

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The City of Cincinnati's interest in Managed Competition is, in large part, driven by an operating budget deficit that is expected to approach \$30 million in 2003.⁵ This is an appropriate response to such a significant budgetary challenge. Where properly implemented, Managed Competition has been demonstrated to be one of the most effective and important means of addressing municipal budget deficits while maintaining customer service and protecting the well-being of employees. Indeed, as Phoenix Managed Competition pioneer and former Public Works Director Ron Jensen notes, "Numerous public agencies utilizing Managed Competition have effectively reduced costs without resorting to layoffs or reducing salaries and benefits."⁶

In general, the Task Force has done a good job of evaluating issues related to Managed Competition and has developed a range of well-considered policy recommendations within the context of both the City's public service goals and its existing labor-management agreement.⁷ Where CGS has provided alternatives to those recommendations the Task Force developed, in most cases, it is a matter of further refinement and differing emphasis instead of outright disagreement. Based on the efforts to date, we believe that there is a good opportunity for the City Council and the Task Force, working together, to lay a solid foundation for a successful Managed Competition initiative.

This Review of the Task Force's work is not intended to comment on all aspects of a successful Managed Competition program, but rather evaluate those primarily employee-focused issues raised by the Task Force. CGS will make additional recommendations regarding other aspects of a successful Managed Competition initiative, such as cost comparison strategies, in subsequent deliverables under this contract.

⁵ Per discussion with David Rager, 7/11/02.

⁶ Jensen, Ron. Managed Competition in Public Works. Kansas City: American Public Works Association, 8/2001. p. 17.

⁷ Labor-Management Agreement by and Between the City of Cincinnati and Ohio Council 8 and Locals 190, 223, 240, 250, 1543, and 3119 American Federation of State, County and Municipal Employees, AFL-CIO.

2 Recommendation Concerning Identification of Services for Managed Competition

2.1 Recommendation

From the Task Force's 5/22/02 "Policies for Managed Competition" document:

"It is the responsibility of the staff within departments to determine the most effective and efficient method of delivering services. Towards that end departments are expected to continuously evaluate whether providing a service with either internal or external personnel results in improved service delivery and/or reduced cost. If a department identifies a service they believe could be improved with contracting to an external organization, their first step should be to complete a service review. The service review would identify exactly what is the service being delivered, what performance measures are being used to determine levels of customer satisfaction with the service, and what resources (equipment, materials, and personnel) are being used to deliver the service.

The department would then complete a process review to determine what internal changes if any could be made to the delivery of the service that would result in improving the service and/or costs. It is likely the department will need outside expert services to assist with this service review. Once process improvements are identified, then a detailed budget identifying what would be the capital investment and operational costs of the improved process. The detailed budget then becomes the benchmark for comparison of the service delivery cost by internal resources to be compared to external resources.

If the department administration feels that even with the process improvements, savings could be achieved with pursuing contracting out the service delivery, then the department proceeds with developing bid specifications (RFP) and bid evaluation. If the contract bids resulted in projected total costs lower than the benchmark budget developed in the service review, then the department proceeds with contracting with the lowest and best bidder.

In conducting the bidding process with external organizations, the City will appoint a Business Evaluation Team (BET) to perform several tasks in the process: 1) They would evaluate whether contracting out the identified City service is suitable from an overall organizational perspective, i.e. are there legal impediments, are there associated service delivery issues which would not favor contracting out this service, etc.; 2) The BET would assist with developing requests for proposals to insure the City's overall terms and conditions are incorporated in the bid; 3) The BET would evaluate bids; and 4) The BET would insure that adequate contract monitoring procedures are put in place. 5) The BET will monitor each department's performance in conducting service reviews. It is expected that each department will conduct at least one service review each year.

Representatives from the following agencies will comprise the BET: Internal Audit Division; Budget and Evaluation Division; Purchasing Division; Law Department; Office

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of Contract Compliance. All bids will be evaluated by the BET according to the following criteria:

- Compliance with all applicable laws and regulations;
- Compliance with Equal Employment Opportunity policies of the City;
- The City's Equal Business opportunity requirements;
- The financial stability of the service provider;
- The capacity of the service provider to perform the service;
- The existence of written safety policies and safety records."

2.2 Recommendation Pros

One of the best sources for ideas concerning process improvement is the employees themselves who perform the service.⁸ This recommendation process provides City staff with the structure, resources, and expertise to develop the best means of providing the service. These ideas would then be incorporated into the City's redesigned, or "most efficient" organization (MEO).

In addition, the processes laid out would appear to involve the careful consideration by employees of actual data – allowing them to get beyond the anecdotes and perceptions that often drive service delivery changes that are accomplished "on the fly". Process changes based on solid data analyses represent a superior foundation for achieving and sustaining process improvements.

This recommended approach involves labor and management working together to improve the process, a very positive element of any successful Managed Competition effort.⁹ Separation of management and labor as a part of the Managed Competition process can lead to data hoarding and process reengineering designs that are based on an incomplete understanding of the process. Both management's and labor's perspectives should be included.

The use of an RFP as a part of an overall process designed to provide Competitive Neutrality is, we have found, the best means of comparing "apples-to-apples" when it comes to issues of cost and service levels. By requiring Employee Teams and Contractors to respond to the same solicitation document, the Agency promotes maximum competition and encourages Contractors and Employee Teams alike to "sharpen their pencils" and provide their most competitive proposal.

Indicating that ultimate decisions between internal and external providers should be a matter of neutrally selecting the "lowest and best" option is an appropriate standard. Such language appropriately provides guidance at this stage of the process without over-specifying criteria that may not be appropriate for all subsequent projects. This

⁸ Indianapolis: Implementing Competition in City Services. Harvard Business School Case Study. N9-196-009. February 14, 1996. p. 5.

⁹ Jensen, Ron. Managed Competition in Public Works. Kansas City: American Public Works Association, 8/2001.

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recommendation is in line with the general “Best Value for Money” criterion that is used in jurisdictions with well-developed Managed Competition programs, such as Australia.¹⁰

The BET is described in the recommendation as the neutral arbiter of bids that is absolutely necessary to ensure the Competitive Neutrality.¹¹ The success of a Managed Competition initiative is predicated on robust competition from both the public and private sectors. Where one or the other is convinced that the outcome is predetermined, competition is suppressed and the initiative becomes little more than a gimmick, failing to drive real cost savings and quality improvements.

As the recommendation indicates, the BET should be comprised of some individuals from the divisions listed. BET participants should be individuals whose skills, professionalism, and objectivity are well regarded.

Also as the recommendation indicates, the BET should ensure that all bids comply with legal requirements as well as satisfying City regulations. Although “lowest and best” criteria should ultimately drive the selection of an Employee Team or Contractor, the list of qualified organizations from which the winning organization is chosen must include only those that have committed to meeting the regulations that reflect all legal requirements and City policy commitments.

2.3 Recommendation Cons

As written, it appears that the recommendation places ultimate responsibility in the department’s hands as to which services will be subject to service reviews, with “monitoring” done by the BET. With the primary impetus effectively residing at the department level, the Managed Competition initiative will likely produce little in the way of significant results over a sustained period of time. Faced with the demands of daily service delivery and budget constraints, departments generally will not be able to find the time or resources to commit to such an extensive process as is outlined.

Developing a plan for an MEO and actually implementing it are two different exercises. Often, the planned MEO will include significant changes in work processes, staffing levels, technology investment, and performance measures. Adhering to the operational and budget commitments developed for an MEO can be especially difficult as well-intentioned employees seek to implement the “ideal” organization in the midst of daily responsibilities and constraints. Without explicit consequences for failure, implementation of the MEO will likely stall.

The criteria by which the department director decides to move the service into an actual competition following the service and process reviews are very vague. The expectation should be that a Managed Competition will routinely follow the service and process

¹⁰ Department of Finance and Administration (Australian National Government) on-line publication “Commonwealth Procurement Guidelines and Best Practice Guidance found at http://www.dofa.go.au/ctc/publications/purchasing/cpg/commonwealth_procurement_guide.html.

¹¹ Martin, Lawrence L. Determining a Level Playing Field for Public-Private Competition. Arlington, VA: The PricewaterhouseCoopers Endowment for the Business of Government, 11/1999. p. 8.

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reviews, not that the RFP process will follow only if department administration “feels” that savings “could” be achieved through an RFP. In fact, there is little credible and comparable cost and service quality data upon which a department administrator could objectively make a decision on whether or not to proceed at this point. The best way to make a determination concerning the competitiveness of the Employee Team MEO is by letting the market speak through the RFP process.

The use of outside experts and consultants to help City employees improve their process efficiency and effectiveness can be very helpful for the overall Managed Competition initiative, if used selectively. High-risk services involving complex processes, expensive technologies, and skilled employees are the best candidates for such assistance. However, there is no well-developed source of consulting expertise for many municipal services. In addition, the vast majority of Managed Competition projects conducted by the City of Indianapolis did not involve specialized assistance for the employees. Using the term “likely” in describing the use of outside assistance in the process review phase creates an expectation that may be unrealistic for many municipal services, where the best expertise available already lies within the existing employees.

As written, the BET’s ultimate authority and role are not well defined. For example, whom do they “assist” in developing the RFP – the department itself? What authority do they have in terms of initiating a Managed Competition or selecting the ultimate winner? Do they make recommendations or actual contract awards? If the department is dragging their feet on moving forward with a Managed Competition project, does the BET have the authority to act?

If the BET is actually going to run the Managed Competition, it should also lead the evaluative effort, as the recommendation states. In order for the BET to do such things as judging “the capacity of the service provider to perform the service”, the BET needs to be staffed, on a project-by-project basis, with appropriate Subject Matter Experts (SMEs). These SMEs need to be segregated from the in-house bid team from the outset of a Managed Competition effort and not participate in the Service and Process Reviews on behalf of the Employee Teams.

2.4 Proposed Modifications of Recommendation

“Working with departmental management and by direction of the City Council and City Manager, the Business Evaluation Team (BET) will develop a running list (Project List) of potential Managed Competition projects involving City services. At least quarterly, the BET will evaluate the Project List and determine those projects that are likely to be completed within the next year (Short-Term Projects). For each Short-Term Project, the BET will meet with departmental management and employee representatives, as necessary, to discuss and agree on the timetable leading up to the issuance of the RFP for that Short-Term Project.”

~~It is the responsibility of the staff within departments to determine the most effective and efficient method of delivering services. Towards that end departments are expected to continuously evaluate whether providing a service with either internal or external~~

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~~personnel results in improved service delivery and/or reduced cost. If a department identifies a service they believe could be improved with contracting to an external organization, their first step should be to complete a service review. Following the BET's development of the timetable for the release of the RFP for the Short-Term Project, department management and employee representatives should decide on the degree to which a full-scale re-engineering of the service is warranted in order to prepare for the RFP. If they decide that an Employee Team will indeed compete for the right to continue to provide the service, they will begin the re-engineering process with a Service Review. The sService rReview would identify exactly what is the service being delivered, what performance measures are being used to determine levels of customer satisfaction with the service, and what resources (equipment, materials, and personnel) are being used to deliver the service. While all Short-Term Projects shall include a Service Review stage, the City may conduct other Service Reviews of services that will not be subject to Managed Competition. That is, department management, working with its employees, may complete Service Reviews of other City services without being required to move into a Managed Competition if the particular City service is not included on the Project List.~~

The department would then complete a ~~pP~~rocess ~~rR~~eview to determine what internal changes, if any, could be made to the delivery of the service that would result in improving the service and/or costs. It is ~~likely possible that~~ the department will need outside expert services to assist with this ~~service~~Process ~~rR~~eview. ~~This Process Review will likely result in the development of the Employee Team's "ideal" organization and process for delivering the service - the Most Efficient Organization (MEO). Once process improvements are identified, then a detailed budget identifying what would be the capital investment and operational costs of the improved processMEO would be developed. The detailed budget, which would include an appropriate share of departmental overhead and some portion of the cost of project-specific expert services used in developing the re-engineered process (as determined by the BET), then becomes the benchmark for comparison of the service delivery cost by internal resources to be compared to external resources and is incorporated into the Employee Team's response to the RFP.~~

~~As the departmental Employee Team is conducting the Service and Process Reviews in anticipation of an RFP, the BET proceeds with the development of the RFP with the assistance of departmental Subject Matter Experts (SMEs), as required. Those departmental personnel assisting the BET with the development of the RFP may not jointly participate in the development of the Employee Team's MEO. If the department administration feels that even with the process improvements, savings could be achieved with pursuing contracting out the service delivery, then the department proceeds with developing bid specifications (RFP) and bid evaluation. As the RFP is finalized and released, the BET will treat the competing Employee Team and Contractor(s) as equivalently as is reasonably possible. If the Contractor proposal contract bids resulted guarantees in projected total costs lower than the Employee Team's benchmark MEO for the same level of servicebudget developed in the service review, then the department proceeds with contracting with the lowest and best bidder, in this case the~~

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Contractor. If the Employee Team is determined to have the lowest and best bid, then the Employee Team's MEO operational and financial commitments shall be captured in a Memorandum of Understanding (MOU) that shall function similarly to an external contract in that persistent failure to meet the commitments of the MOU shall result in termination of the agreement with the Employee Team and a move to find an alternative provider of services.

The BET shall be a standing organization tasked with ~~In~~ conducting the bidding process with ~~external organizations~~ Employee Teams and Contractors. The tasks of the BET would include: ~~the City will appoint a Business Evaluation Team (BET) to perform several tasks in the process:~~ 1) Developing the Project List; 2) Working with departmental management to identify Short-Term Projects and associated timetables; 3) They would evaluate whether contracting out the identified City service is suitable from an overall organizational perspective, i.e. are there legal impediments, are there associated service delivery issues which would not favor contracting out this service, etc.; 2) The BET would assist with ~~d~~Developing requests for proposals RFPs to ensure the City's overall terms and conditions are incorporated in the bid; 3) The BET would ~~e~~Evaluate bids from Employee Teams and Contractors, including comparing costs and service commitments; ~~and 4 and 5) The BET would ~~i~~Ensure~~ that adequate contract monitoring procedures are put in place by the overseeing department, whether the service provider be a Contractor or an Employee Team. ~~5) The BET will monitor each department's performance in conducting service reviews. It is expected that each department will conduct at least one service review each year.~~

In order for the Managed Competition initiative to succeed over the long term, the City must create a dedicated, independent BET with appropriate authority, staffing, and resources. The BET will have at least one full-time, dedicated member and should have appropriate access to, as needed, ~~R~~ representatives skilled analyst support from the following agencies ~~will comprise the BET~~: Internal Audit Division; Budget and Evaluation Division; Purchasing Division; Law Department; Office of Contract Compliance. In addition, departmental SMEs will support the work of the BET on a project-by-project basis, as needed.

The BET will confirm that all bids demonstrate ~~All bids will be evaluated by the BET according to~~ the following ~~criteria~~:

- Compliance with all applicable laws and regulations;
- Compliance with Equal Employment Opportunity policies of the City;
- The City's Equal Business opportunity requirements;
- The financial stability of the service provider;
- The capacity of the service provider to perform the service;
- The existence of written safety policies and safety records."

2.5 Justification

Due to the complexity of this recommendation, our proposed modifications will focus separately on the major components of the recommendation (in the order included in the recommendation): the Service Review, the Process Review, the RFP, and the BET.

2.5.1 Service Review Modification Justification

We recommend that in most cases, the expectation at the beginning of the Service Review process is that the full Managed Competition will be completed, absent some compelling reason to the contrary that emerges during the service and process reviews. In order to drive real process changes and improvements, competition must be imminent. As former City of Phoenix Auditor Jim Flanagan puts in, “No reporting process, auditing procedure, or budgeting procedure has ever gotten a public organization to put anywhere near the energy into improvement that competition has...enormous energy goes into getting prices down for bids.”¹²

This original recommendation does not make reference to a particular timetable for the completion of the Service and Process Reviews. The recommendation, as revised, requires that a timetable for completion of the overall Managed Competition process for the particular Short-Term Project should be jointly developed by the department/Employee Team and the BET after the service is identified as a Short-Term Project.

2.5.2 Process Review Modification Justification

The critiqued recommendation implies that only some services will be appropriate for outside expertise to assist employees in completing the Managed Competition process. In addition, the cost of consulting services specifically for this service (as opposed to the competitiveness training offered employees in the next paragraph) should be assessed against the Employee Team’s proposal budget. Where outside expertise is used, it should be done with strict scope of services that focuses the consultants on equipping employees with the skills, information, and analytical tools they need to allow them to reengineer the process.¹³ The scope should be careful to avoid creating a situation where the consultants come in, devise a solution with little employee participation, present the solution as part of the employee bid, and then exit without ensuring the employees’ ability to implement and sustain the reengineered process.

In addition, the City should commit to making available to employees affected by Short-Term Projects a condensed but rigorous curriculum of instruction enabling them to develop a competitive bid. This curriculum should involve principles of costing, process analysis, and bid development.¹⁴ Combined with the process knowledge already possessed by the employees, the Indianapolis example shows that these analytical tools can enable Employee Teams to develop competitive and achievable bids very successfully.¹⁵

¹² Eggers, William D. Competitive Neutrality: Ensuring a Level Playing Field in Managed Competitions. Los Angeles: Reason Public Policy Institute, 1998. p. 1.

¹³ Jensen, Ron. Managed Competition in Public Works. Kansas City: American Public Works Association, 8/2001. p. 19.

¹⁴ Rubin, Barry and Richard Rubin. Labor-Management Partnerships: A New Approach to Collaborative Management. Arlington, VA: The PricewaterhouseCoopers Endowment for the Business of Government, 7/01. p. 22.

¹⁵ Indianapolis: Implementing Competition in City Services. Harvard Business School Case Study. N9-196-009. February 14, 1996. p. 6.

2.5.3 RFP Modification Justification

The recommendation should clearly place responsibility for the development of the RFP and evaluation of the proposals with the BET. The BET can really be the neutral arbiter the recommendation envisions only by controlling the RFP process.

In order for a Managed Competition program to be successful, there must be consequences for failure – both for the Contractors and the Employee Teams.¹⁶ The City must hold both Contractors and Employee Teams responsible for fulfilling the price and service quality commitments included in their proposals. This will require an on-going contract monitoring effort whether a Managed Competition is won by an Employee Team or a Contractor. Failure to meet cost and service quality commitments on a sustained basis should mean that the agreement with the defaulting party, whether Employee Team or Contractor, will be terminated and a new service provider sought, to the extent possible allowed under budget constraints and personnel rules.

The evaluation criteria listed in this recommendation, for the most part, are more appropriately termed qualification criteria. The ultimate service award, as the City indicates earlier in the recommendation, should be made on a judgment as to the “lowest and best” bid among those organizations meeting the baseline requirements, such as compliance with all applicable laws and regulations.

In evaluating the proposals, the BET must make reasonable efforts to ensure “apples-to-apples” comparisons across Contractors and Employee Teams on the basis of cost and service quality issues. For example, the BET must be committed to ensuring that the pricing developed by the Employee Team is realistic, sustainable, and “fully loaded”, and has been developed in accordance with principles of activity-based costing.¹⁷ Likewise, the BET should ensure that Contractors have taken into account real data concerning the level of customer service to be provided.¹⁸

2.5.4 BET Modification Justification

The BET must have a well-defined role in managing, directing, and driving the overall Managed Competition initiative, with support from the City’s top elected and appointed officials. A report by the U.S. General Accounting Office release in 1997 indicates that those organizations with the most success in advancing Managed Competition initiatives all have organizations independent of the regular departmental structure committed to the success of the Managed Competition endeavor.¹⁹

¹⁶ Martin, Lawrence L. Determining a Level Playing Field for Public-Private Competition. Arlington, VA: The PricewaterhouseCoopers Endowment for the Business of Government, 11/1999. p. 17.

¹⁷ Privatization Lessons Learned by State and Local Governments. United States General Accounting Office. GAO/GGD-97-48. p. 12.

¹⁸ Department of Finance and Administration (Australian National Government) on-line publication “Commonwealth Procurement Guidelines and Best Practice Guidance found at http://www.dofa.go.au/ctc/publications/purchasing/cpg/commonwealth_procurement_guide.html.

¹⁹ Privatization Lessons Learned by State and Local Governments. United States General Accounting Office. GAO/GGD-97-48. p. 4.

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Generally, this empowered BET would have responsibility for working closely with department directors to develop the Project List and to identify the Short-Term Projects discussed in the revised recommendation.²⁰ The BET must have strong support from top elected and appointed officials in order for it to succeed.²¹ In addition, the BET must have explicit goals from City Council and/or the City Manager (such as “\$X” millions in savings annually or “Y” number of Managed Competition projects completed annually) that drive its success. CGS will develop the role of the BET further in future deliverables to be provided to the City of Cincinnati.

The BET must take a lead role, working as peers with department directors, in regularly communicating with employees concerning the intent, direction, and progress of any Managed Competition effort.²² When an Agency fails to communicate adequately regarding Managed Competition, misinformation fills the void. This misinformation often includes worst-case scenarios and distortions and can lead to unnecessary attrition and poor morale. Working with departmental management, the BET must periodically meet and consult with employee groups and discuss how the City’s commitment to the welfare of its employees and the baseline policies concerning wages, pensions, benefits, and the safety net, are incorporated into various Managed Competition processes. The BET must also ensure that it has an “agnostic” view towards the issue of whether services are provided by a Contractor or Employee Team - that it is purely focused on determining which organization (public or private) is best situated to deliver the “lowest and best” approach for any given service.

In addition to ad hoc participation by auditors and SMEs, the BET needs to have full-time staff allocated to running the overall Managed Competition initiative. Ideally, these will be experts in conducting these types of competitive procurement transactions, with experience in both business and municipal operations. These BET team members will also be bold in challenging assumptions about “this is the way we have always done things” while also skilled in working with incumbent employees.²³

²⁰ Stainback, John. Designing Comprehensive Privatization Programs for Cities. Los Angeles: Reason Foundation, 2/1993. p. 14.

²¹ Eimicke, William B. San Diego County’s Innovation Program: Using Competition and a Whole Lot More to Improve Public Services. Arlington, VA: The PricewaterhouseCoopers Endowment for the Business of Government, 1/2000. p. 21.

²² Jensen, Ron. Managed Competition in Public Works. Kansas City: American Public Works Association, 8/2001. p. 18.

²³ Indianapolis: Implementing Competition in City Services. Harvard Business School Case Study. N9-196-009. February 14, 1996. p. 2.

3 Recommendation Concerning the Comparability of Wages and Other Employment Benefits

3.1 Recommendation

From the Task Force's 5/22/02 "Policies for Managed Competition" document:

"The RFP will require bidding contractors to provide detailed information on employee compensation programs, including all wage rate information (including wage ranges) for all positions performing duties associated with the contracted service. The Business Evaluation Team (BET) will compare this information to the compensation currently provided to City employees. The RFP will stipulate that evaluation of the proposals will include a review of the compensation plan offered by the contractor and the evaluation of proposals will include a review of the entire compensation package including wages and benefits."

3.2 Recommendation Pros

There is a range of sound policy reasons for ensuring comparable wage scales between the Employee Team and the Contractor competing to provide a service, and this is an appropriate policy priority for the City.²⁴ Simply cutting employee salaries results in a "Managed Competition on the cheap" effort that may produce initial savings, but will not generate sustainable public support for the Managed Competition initiative.

3.3 Recommendation Cons

Evaluating employee salaries and implicitly or explicitly requiring salary comparability between the competing Contractors and the Employee Teams may not lead to the lowest cost provision of service for City taxpayers, at least initially. In addition, when wage comparability mandates are included as a part of the RFP, these mandates tend to "tilt the field in favor of the public sector."²⁵

Wage comparisons can be difficult when comparing public versus private sector. For example, performance incentives in addition to across the board pay increases are used extensively in the private sector and less so in the public sector. Coming up with an "apples-to-apples" methodology for comparing wages may be challenging.

3.4 Proposed Modifications of Recommendation

"The RFP will require bidding contractors to provide detailed information on employee compensation programs, including all wage rate information (including wage ranges) for all positions performing duties associated with the contracted service. The Business Evaluation Team (BET) will compare this information to the compensation currently provided to City employees. The RFP will stipulate that evaluation of the proposals will

²⁴ Martin, Lawrence L. Determining a Level Playing Field for Public-Private Competition. Arlington, VA: The PricewaterhouseCoopers Endowment for the Business of Government, 11/1999. p. 12.

²⁵ Ibid, p. 12.

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include a review of the compensation plan offered by the contractor and the evaluation of proposals will included a review of the entire compensation package including wages and benefits.

Where the BET, in consultation with employee representatives and departmental management, determines that the wages to be offered by the Contractor must be comparable to those currently earned by the affected employees, the RFP should explicitly say so. The City will provide to the Contractors all wage information for those affected employees, by job title, that the Contractors need in order to calculate and include comparable wages in their proposals.”

3.5 Justification

Where wage comparability is to be required, the City should clearly state this in the RFP. Instead of asking for “detailed information on employee compensation programs”, the City should state that Contractor employees that would be involved in the provision of a municipal service awarded through Managed Competition must receive equal or better wages. The City should commit to providing the necessary wage data for Contractors to understand the current wages, by position, and projected wage increases.

There may be some situations in which mandating wage comparability is not desirable on the City’s part. For example, if the City decided to “get out of” a service that heavily relied on part-time, seasonal labor, it may not make sense to ensure that competing Contractors necessarily maintained the same wage scale, especially if the method of completing the work is done differently by the Contractor.

4 Recommendation Concerning Transition of Affected City Employees

4.1 Recommendation

From the Task Force's 5/22/02 "Policies for Managed Competition" document:

"If it is determined that a service previously provided by City employees should be granted to a private contractor, the City will minimize layoffs of employees through attrition, retraining for other positions (inside and outside of City employment), or placement with the private contractor. The competing City agency will develop a transition plan for the potential conversion of service delivery to private contract. The plan will address the following points:

- Transfer of affected employees to other vacant, funded City positions.
- Identification of employees likely to leave the City by attrition.
- Identification of job openings that the contractor will offer to affected City employees.
- A plan for retraining and out-placement services for affected City employees, including the specific training needed for each employee to gain placement.
- The City will lay off employees in accordance with the existing union agreement as it relates to layoffs or displacements, and the personnel policies of the City.
- Recall of City employees who have been laid off as a result of services being contracted out will be conducted according to the existing union agreement and the personnel policies of the City."

4.2 Recommendation Pros

Providing a "safety net" is a key component of successful governments' approach to Managed Competition.²⁶ Creating such a safety net begins to address employees' legitimate concerns about their future livelihood, and allows those directing the Managed Competition initiative to focus their efforts on driving specific transactions. The specifics detailed in this recommendation represent a good mix of a number of proven aspects of a safety net.

4.3 Recommendation Cons

Identifying individual employees "likely" to leave the City can be very difficult. In general, it is better to make aggregate estimates of employee attrition based on a review of historic attrition patterns within the particular service and discussions with other entities that have overseen similar transitions.

Saddling the Agency with the responsibility for developing a transition plan could distract the Employee Team from its primary mission – developing a winning bid.

²⁶ Privatization Lessons Learned by State and Local Governments. United States General Accounting Office. GAO/GGD-97-48. p. 16.

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Therefore, the development of the transition plan should rest with those in the department and in City HR who are not involved in developing the employee bid.

4.4 Proposed Modification of Recommendation

“If it is determined that a service previously provided by City employees should be granted to a private contractor, the City will minimize layoffs of employees through attrition, retraining for other positions (inside and outside of City employment), or placement with the private contractor. At the time the RFP is developed, the competing City agency, with the assistance of the BET, City HR, and the employee union, will develop draft a transition plan for the potential conversion of service delivery to private contract. The plan ~~will~~ should, at a minimum, address the following points:

- Transfer of affected employees to other vacant, funded City positions.
- Identification of employees likely to leave the City by attrition.
- Identification of job openings that the contractor will offer to affected City employees.
- A plan for retraining and out-placement services for affected City employees, including short-term the specific training needed for each employee to gain placement training to enable employees to secure comparable employment elsewhere.
- The City will lay off employees in accordance with the existing union agreement as it relates to layoffs or displacements, and the personnel policies of the City.
- Recall of City employees who have been laid off as a result of services being contracted out will be conducted according to the existing union agreement and the personnel policies of the City.”

The specific provisions of the transition plan will be finalized as the City completes its selection of a designated Contractor or Employee Team.”

4.5 Justification

Work on the transition plan should be started as the RFP is being developed, in order to address employee concerns and to provide greater certainty to Contractors (by way of the RFP) on issues they will need to be involved with (such as hiring affected employees) should they win a contract. The final details of the transition plan can be confirmed upon selection of a Contractor and agreement on the specifics of the resulting service contract. Not every transition plan will include all of the potential elements. For example, the City may decide that, for some projects, requiring the Contractor to provide “first right of refusal” for affected employees means that establishing a training program for those affected employees is unnecessary.

For projects in which the use of a safety net is necessary, the recommendation should identify the City’s Human Resources department (HR), coordinating with the affected departments and the BET, as the organization responsible for developing an on-going safety net to support the Managed Competition initiative. The HR department should have the expertise and City-wide reach to construct a safety net that allows for appropriate placement of employees throughout the organization. In addition, HR can

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coordinate with the BET and the affected department to “bank” employee vacancies in the lead up to a project that has the potential to impact a number of City employees.

The reference to “the specific training needed for each employee to gain placement” should be modified. As it is, it could be read that the City would provide whatever training would be necessary, for however long, for whatever position an employee wanted to pursue. Rather, such “short-term” training designed to enable employees to gain comparable employment outside of the City should be for a period not to exceed six months.

5 Recommendation Concerning Placement of Employees with Contractor

5.1 Recommendation

From the Task Force's 5/22/02 "Policies for Managed Competition" document:

"The contractor shall offer to City employees (who have been displaced as a result of the contract) a "right of first refusal" for employment openings under the contract for which they are qualified. The contractor shall guarantee employment for one year for any displaced City employee who has been hired by the contractor as a result of the managed competition process. Employees could be dismissed within the one-year period for just cause. Any City employee seeking placement with the contractor is subject to all pre-employment screening evaluations typically mandated by the contractor during the hiring process. As part of the RFP process, the contract will be required to identify any pre-employment screening requirements.

The contractor shall also provide a listing of the names of employees who presently work for the bidder and who are performing the tasks to execute the work under contract. A similar list must be provided of the names of the employees who worked for the bidder two years prior to the submission of the bid."

5.2 Recommendation Pros

The first paragraph of this recommendation is a standard part of many managed competitions in which the workforce is sizable and skilled and, in many cases, is an appropriate requirement. Incorporating such language as a part of a Managed Competition Policies statement is an important means of protecting the ultimate livelihood of employees, whether they remain in the public sector or are transitioned to the private sector, and is a key foundation to building a successful Managed Competition initiative.²⁷

5.3 Recommendation Cons

There may be some situations in which requiring the hiring of all affected employees is not desirable for the employees or the City. The recommendation should allow for some flexibility in determining when this requirement is necessary.

The intent of the second paragraph is confusing. If information on employee attrition and/or turnover is desired, asking for aggregate statistics, instead of individual names, is more appropriate, both for efficiency and privacy reasons.

²⁷ Rubin, Barry and Richard Rubin. Labor-Management Partnerships: A New Approach to Collaborative Management. Arlington, VA: The PricewaterhouseCoopers Endowment for the Business of Government, 7/01. p. 11.

5.4 Proposed Modification of Recommendation

“Except where determined to be unnecessary or counterproductive by the BET, in agreement with affected employee union representatives and department management, the contractor shall offer to City employees (who have been displaced as a result of the contract) a “right of first refusal” for employment openings under the contract for which they are qualified. The contractor shall guarantee employment for one year for any displaced City employee who has been hired by the contractor as a result of the managed competition process. Employees could be dismissed within the one-year period for just cause. Any City employee seeking placement with the contractor is subject to all pre-employment screening evaluations typically mandated by the contractor during the hiring process. As part of the RFP process, the contractor will be required to identify any pre-employment screening requirements.

The contractor shall also provide a listing of the names of employees who presently work for the bidder and who are performing the tasks to execute the work under contract. A similar list must be provided of the names of the employees who worked for the bidder two years prior to the submission of the bid. The RFP should require that Contractors and Employee Teams provide aggregate information regarding employee attrition rates over the last two years. After receiving proposals, the BET may determine that additional supporting information on employee attrition is warranted and may request such from the Contractors and/or Employee Teams.”

5.5 Justification

There may be some services in which the “right of first refusal” is unnecessary. For example, where there is a service in which the number of affected City employees is small, where they have skills easily transferable to other City vacancies, and when they have signaled a desire to remain with the City should the Employee Team be unsuccessful, it is probably counterproductive to include such a “first right of refusal” requirement as it would likely increase the total cost of the proposals to the City.

Therefore, the BET, in consultation with employee representatives and department management, should have the final authority to determine when there are exceptional cases that should not include the mandate that the Contractor must hire all affected City employees.

CGS proposes that the recommendation drops the requirement that the Contractor provide information on all of the employees within the last two years. Again, aggregate data on attrition (such as an attrition rate with full explanation as to the method by which it was calculated) is more appropriate. If the BET has some concern that the attrition data provided in the proposal is questionable, additional supporting data can be requested at that time.

No requirement has been added that restricts a Contractor to hiring only Hamilton County/City of Cincinnati residents in the future. In fact, Contractors do seek to hire local residents in the vast majority of cases. The reasoning for not including such a requirement is as follows:

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- The Contractor's workforce will already substantially be made up of County/City residents as the result of the affected employees being transferred to the Contractor;
- The Contractor will naturally have every incentive to hire new employees from the local County/City population, where possible, in order to reduce transition and relocation costs;
- However, in some cases where specialized skills are required, the City's taxpayers ultimately receive "best value for money" if a Contractor is permitted to seek out and secure talent without geographical restrictions.

CGS does believe that it is completely appropriate and desirable that a Contractor's site manager for a City project be required to reside in the County/City after a reasonable period of time in which to make a transition to the area.

6 Recommendation Concerning Comparability of Employee Health Benefits

6.1 Recommendation

From the Task Force's 5/22/02 "Policies for Managed Competition" document:

"The contractor shall, at all times during the term of the contract, offer to its employees and their dependents continuous medical, dental, and vision insurance that provides hospitalization and physician's visits with at least 60% coverage, and prescription drug coverage. Dental and vision insurance shall also be offered with at least 60% coverage.

Benefits insurance coverage offered by the contract[or] will be evaluated as part of the total compensation package (including wages) and will be compared to the current compensation package offered by the City."

6.2 Recommendation Pros

Requiring a comparable level of health insurance coverage across Contractors and Employee Teams is a legitimate policy aim of the City. Recognizing the significant variability across policies, this recommendation appropriately seeks to set a reasonable standard.

6.3 Recommendation Cons

As written, this would be difficult to enforce without further clarification and definition concerning the "60% coverage" standard. Comparing insurance plans, especially between public and private, is notoriously difficult.

Vision insurance is not always standard coverage and may serve to effectively exclude some small employers from participating in a Managed Competition.

Finally, the recommendation makes no reference to requiring a comparable level of access to medical, dental, and vision services. Even though the services rendered may be comparable, transitioned employees will view a new medical-dental-vision insurance plan as significantly flawed if they must make major changes to their personal physicians and health care facilities.

6.4 Proposed Modification of Recommendation

"The ~~e~~Contractor shall, at all times during the term of the contract, offer to its employees and their dependents continuous medical, dental, and vision insurance that ~~provides hospitalization and physician's visits with at least 60% coverage, and prescription drug coverage. Dental and vision insurance shall also be offered with at least 60% coverage~~is evaluated by City Finance (or its designated expert evaluator) to be generally comparable to that provided by the City to its employees in terms of services covered, access to those services, and cost. The union(s) representing the affected employees may also participate in this review, if they so desire. At the time that the RFP is released, the City shall make

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[available to the Contractors all information necessary to understand the City's existing insurance plans as pertaining to the affected City employees.](#)

Benefits insurance coverage offered by the eContract[or] will be [submitted with the Contractor's proposal and](#) evaluated as part of the total compensation package (including wages) and will be compared to the current compensation package offered by the City. [The RFP may require that the Contractor submit the benefits information in a table or other format that allows for ease of understanding and comparison.](#)”

6.5 Justification

RFPs should consistently require Contractors to present detailed information regarding insurance coverage. In most cases, Contractors should have full access to information regarding the City's insurance coverage and should be required to submit information on their coverage in a table format that facilitates comparison between the coverages.

In order to ensure comparability, we would recommend that City HR, assisted, if required, by an independent benefits analyst, have the final say to determine whether the comparability standard has been achieved based on the information provided by the Contractor compared to existing City coverage. If there are remaining disparities in coverage that cannot be overcome, the Contractor should be given the opportunity to provide, for HR review, a plan by which negatively impacted employees are “made whole” (such as by an offsetting wage increase or another benefit), as would seem to be permitted based on the second paragraph of this recommendation.

7 Recommendation Concerning Comparability of Other Employee Benefits

7.1 Recommendation

From the Task Force's 5/22/02 "Policies for Managed Competition" document:

"The contractor shall be required to provide information on what coverage, if any, they provide for the following benefits. The evidence that the contractor provides shall include a description of the conditions under which the contractor's employees are able to make use of the benefits.

- Pension/retirement plan;
- Workers' compensation insurance;
- Unemployment insurance;
- Vacation benefits;
- Short-term disability or sick leave benefits;
- Life insurance; and
- Long-term disability insurance."

7.2 Recommendation Pros

Again, this is a reasonable requirement. Reviewing the entire benefits picture during the RFP phase, as affecting transitioned employees, is absolutely necessary.

7.3 Recommendation Cons

None.

7.4 Proposed Modification of Recommendation

None.

7.5 Justification

None.

8 Recommendation Concerning Workplace Safety Policies and Records

8.1 Recommendation

From the Task Force's 5/22/02 "Policies for Managed Competition" document:

"The contractor shall follow and remain in compliance with all federal, state, and local work safety laws, rules, and regulations for the duration of the contract. The City reserves the right to reject any proposal solely on the basis of the bidder's safety performance record.

Bidders shall submit any written safety policy that is used in the provision of the requested service. Material Safety Data Sheets (MSDS) should be presented for products used by the firm in the performance of the work proposed to be performed on behalf of the City. The name of the person(s) responsible for employee safety shall be included. If any OSHA, federal, state, or local safety investigation personnel have inspected the firm within the past five years, a copy of that report shall also be included with the bid submission. Any awards for safety, or citations for safety violations, shall be noted in the proposal. Bidders are also required to provide a listing of all OSHA reportable employee injuries within the past three years and a listing of all members of the general public injured by employees while they were performing their duties for the company within the past three years. These listings shall briefly describe the incident, the type and extent of the injury, an indication if the injury was reported to any federal, state, or local safety organization, and any corrective action taken by the vendor to prevent similar accidents."

8.2 Recommendation Pros

Occupational safety is paramount. It is completely appropriate that the City require that the Contractors with which it does business to have a demonstrated record of safety, both as it relates to employees and citizens. The best time to secure this information is during the RFP phase, when the BET has the time to conduct the appropriate due diligence on the matter.

It makes good sense to require the Contractor to identify in the RFP the persons responsible for corporate safety programs and the person who would be responsible for safety issues at the project site level. Requiring the submission with the RFP of both awards for safety and citations for violations is appropriate and recommended.

Limiting the reporting of employee injuries to those required by OSHA is an appropriate standard for information to be included in the Contractor's proposal.

8.3 Recommendation Cons

While determining the appropriateness of the Contractor's safety policies and records is laudable, the level of information to be requested in the initial RFP is too substantial, at least for most services. Requiring that all safety policies and all Material Safety Data

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Sheets used in the provision of the service be submitted as a standard part of Contractor proposals will increase the cost to the Contractor and provide the City with an immense amount of material with minimal value to the overall evaluation of the Contractor's proposal. If, after reviewing the Contractor's proposal the BET has specific concerns about the safety of particular processes or equipment, supporting documentation can be requested at that time.

In addition, requiring three years' worth of injury data and five years' worth of safety inspection data is excessive in terms of the amount of information submitted with the proposal. Again, the cost of assembling and managing such a quantity of data (both for the Contractors and the BET) likely outweighs any marginal benefit that could be gleaned from it above and beyond what could be gleaned from information representing a shorter time requirement.

8.4 Proposed Modification of Recommendation

"The contractor shall follow and remain in compliance with all federal, state, and local work safety laws, rules, and regulations for the duration of the contract. The City reserves the right to reject any proposal solely on the basis of the bidder's safety performance record.

The RFP shall require that Bidders shall Contractors and Employee Teams submit general information concerning the safety programs and policies applicable to the scope of services included in the RFP. Additional, supporting information, including details on specific procedures or Material Safety Data Sheets for products used in the provision of the service, may be requested by the BET as the proposals are further evaluated if the BET determines that the information initially provided with the proposals is insufficient to assess the Contractor's and/or Employee Team's safety record and procedures. any written safety policy that is used in the provision of the requested service. Material Safety Data Sheets (MSDS) should be presented for products used by the firm in the performance of the work proposed to be performed on behalf of the City. The name of the person(s) responsible for employee safety shall be included. Nothing in this specified policy shall in any way restrict the City's ability to secure the information needed to ensure that the competing Contractors and Employee Team propose to perform the scope of services in a manner that protects the welfare and safety of citizens and employees.

If any OSHA, federal, state, or local safety investigation personnel have inspected the firm within the past ~~five~~two years, a copy of that report shall also be included with the bid submission. Any awards for safety, or citations for safety violations, shall be noted in the proposal. Bidders are also required to provide a listing of all OSHA reportable employee injuries within the past ~~three~~two years and a listing of all members of the general public injured by employees while they were performing their duties for the company within the past ~~three~~two years. These listings shall briefly describe the incident, the type and extent of the injury, an indication if the injury was reported to any federal, state, or local safety organization, and any corrective action taken by the vendor to prevent similar accidents."

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8.5 Justification

The initial safety disclosure requirements laid upon the Contractors should apply only to the services for which the Contractor is competing for the right to provide the City and the chain of command directing the provision of that service. For example, some Contractors competing for City work may be in a range of other businesses, from “soup to nuts”. The Contractor’s safety record with regard to those businesses is not directly applicable to its provision of City services.

There needs to be a clear sense of proportionality in requiring that the same type of safety data requested of the Contractors is also requested of the Employee Team in order to ensure that safety issues are considered in the context of the historical record of the City in performing the service. So, the recommendation should require that the Employee Team make a corresponding disclosure regarding its safety record concerning employee and citizen injuries incurred in the status quo delivery of the service.

9 Conclusions

Through its work to date, the Task Force has laid a solid foundation for a successful Managed Competition initiative. The policies included in this document, both the original and as critiqued, should be properly viewed as means to an end and not as ends unto themselves. As the parties work together, as goals evolve, and as the City of Cincinnati discovers what works and what doesn't, these policies will be refined.

However, the City must keep its "eye on the ball" and focus on delivering real results through Managed Competition and not just in refining policies. These policies need to be put into the service of larger goals – saving the citizens of Cincinnati money, maintaining or improving service levels, and treating employees fairly. These goals need to be measurable, and the organization responsible for achieving them (primarily, the BET) needs to be empowered and held accountable for achieving them.

10 Appendix: Revised Policies – As Proposed by CGS

Recommendation #1

It is the responsibility of the staff within departments to determine the most effective and efficient method of delivering services. Towards that end departments are expected to continuously evaluate whether providing a service with either internal or external personnel results in improved service delivery and/or reduced cost. To assist departments with the process, a Business Evaluation Team will be created within the city administration.

“Working with departmental management and consistent with direction of the City Council and City Manager, the Business Evaluation Team (BET) will develop a running list (Project List) of potential Managed Competition projects involving City services. At least quarterly, the BET will evaluate the Project List and determine those projects that are likely to be completed within the next year (Short-Term Projects). For each Short-Term Project, the BET will meet with departmental management and employee representatives, as necessary, to discuss and agree on the timetable leading up to the issuance of the RFP for that Short-Term Project.

Following the BET’s development of the timetable for the release of the RFP for the Short-Term Project, department management and employee representatives should decide on the degree to which a full-scale re-engineering of the service is warranted in order to prepare for the RFP. If they decide that an Employee Team will indeed compete for the right to continue to provide the service, they will begin the re-engineering process with a Service Review. The Service Review would identify exactly what is the service being delivered, what performance measures are being used to determine levels of customer satisfaction with the service, and what resources (equipment, materials, and personnel) are being used to deliver the service. While all Short-Term Projects shall include a Service Review stage, the City may conduct other Service Reviews of services that will not be subject to Managed Competition. That is, department management, working with its employees, may complete Service Reviews of other City services without being required to move into a Managed Competition if the particular City service is not included on the Project List.

The department would then complete a Process Review to determine what internal changes, if any, could be made to the delivery of the service that would result in improving the service and/or costs. It is possible that the department will need outside expert services to assist with this Process Review. This Process Review will likely result in the development of the Employee Team’s “ideal” organization and process for delivering the service - the Most Efficient Organization (MEO). Once process improvements are identified, then a detailed budget identifying the capital investment and operational costs of the MEO would be developed. The detailed budget, which would include an appropriate share of departmental overhead and some portion of the cost of

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project-specific expert services used in developing the re-engineered process (as determined by the BET), then becomes the benchmark for comparison and is incorporated into the Employee Team's response to the RFP.

As the departmental Employee Team is conducting the Service and Process Reviews in anticipation of an RFP, the BET proceeds with the development of the RFP with the assistance of departmental Subject Matter Experts (SMEs), as required. Those departmental personnel assisting the BET with the development of the RFP may not jointly participate in the development of the Employee Team's MEO. As the RFP is finalized and released, the BET will treat the competing Employee Team and Contractor(s) as equivalently as is reasonably possible. If a Contractor proposal guarantees projected total costs lower than the Employee Team's benchmark MEO for the same level of service, then the department proceeds with contracting with the lowest and best bidder, in this case the Contractor. If the Employee Team is determined to have the lowest and best bid, then the Employee Team's MEO operational and financial commitments shall be captured in a Memorandum of Understanding (MOU) that shall function similarly to an external contract in that persistent failure to meet the commitments of the MOU shall result in termination of the agreement with the Employee Team and a move to find an alternative provider of services.

The BET shall be a standing organization tasked with conducting the bidding process with Employee Teams and Contractors. The tasks of the BET would include: 1) Developing the Project List; 2) Working with departmental management to identify Short-Term Projects and associated timetables; 3) Developing RFPs to ensure the City's overall terms and conditions are incorporated in the bid; 4) Evaluating bids from Employee Teams and Contractors, including comparing costs and service commitments; and 5) Ensuring that adequate contract monitoring procedures are put in place by the overseeing department, whether the service provider be a Contractor or an Employee Team.

In order for the Managed Competition initiative to succeed over the long term, the City must create a dedicated, independent BET with appropriate authority, staffing, and resources. The BET will have at least one full-time, dedicated member and should have appropriate access to, as needed, skilled analyst support from the following agencies: Internal Audit Division; Budget and Evaluation Division; Purchasing Division; Law Department; Office of Contract Compliance. In addition, departmental SMEs will support the work of the BET on a project-by-project basis, as needed.

The BET will confirm that all bids demonstrate the following:

- Compliance with all applicable laws and regulations;
- Compliance with Equal Employment Opportunity policies of the City;
- The City's Equal Business opportunity requirements;
- The financial stability of the service provider;
- The capacity of the service provider to perform the service;
- The existence of written safety policies and safety records."

Recommendation #2

“The RFP will require bidding contractors to provide detailed information on employee compensation programs, including all wage rate information (including wage ranges) for all positions performing duties associated with the contracted service. The Business Evaluation Team (BET) will compare this information to the compensation currently provided to City employees. The RFP will stipulate that evaluation of the proposals will include a review of the compensation plan offered by the contractor and the evaluation of proposals will include a review of the entire compensation package including wages and benefits.

Where the BET, in consultation with employee representatives and departmental management, determines that the wages to be offered by the Contractor must be comparable to those currently earned by the affected employees, the RFP should explicitly say so. The City will provide to the Contractors all wage information for those affected employees, by job title, that the Contractors need in order to calculate and include comparable wages in their proposals.”

Recommendation #3

“If it is determined that a service previously provided by City employees should be granted to a private contractor, the City will minimize layoffs of employees through attrition, retraining for other positions (inside and outside of City employment), or placement with the private contractor. At the time the RFP is developed, the competing City agency, with the assistance of the BET, City HR, and the employee union, will draft a transition plan for the potential conversion of service delivery to private contract. The plan should, at a minimum, address the following points:

- Transfer of affected employees to other vacant, funded City positions.
- Identification of employees likely to leave the City by attrition.
- Identification of job openings that the contractor will offer to affected City employees.
- A plan for retraining and out-placement services for affected City employees, including short-term training to enable employees to secure comparable employment elsewhere.
- The City will lay off employees in accordance with the existing union agreement as it relates to layoffs or displacements, and the personnel policies of the City.
- Recall of City employees who have been laid off as a result of services being contracted out will be conducted according to the existing union agreement and the personnel policies of the City.”

The specific provisions of the transition plan will be finalized as the City completes its selection of a designated Contractor or Employee Team.”

Recommendation #4

“Except where determined to be unnecessary or counterproductive by the BET, in agreement with affected employee union representatives and department management, the contractor shall offer to City employees (who have been displaced as a result of the

Managed Competition Policies Review

contract) a “right of first refusal” for employment openings under the contract for which they are qualified. The contractor shall guarantee employment for one year for any displaced City employee who has been hired by the contractor as a result of the managed competition process. Employees could be dismissed within the one-year period for just cause. Any City employee seeking placement with the contractor is subject to all pre-employment screening evaluations typically mandated by the contractor during the hiring process. As part of the RFP process, the contractor will be required to identify any pre-employment screening requirements.

The RFP should require that Contractors and Employee Teams provide aggregate information regarding employee attrition rates over the last two years. After receiving proposals, the BET may determine that additional, supporting information on employee attrition is warranted and may request such from the Contractors and/or Employee Teams.”

Recommendation #5

“The Contractor shall, at all times during the term of the contract, offer to its employees and their dependents continuous medical, dental, and vision insurance that is evaluated by City Finance (or its designated expert evaluator) to be generally comparable to that provided by the City to its employees in terms of services covered, access to those services, and cost. The union(s) representing the affected employees may also participate in this review, if they so desire. At the time that the RFP is released, the City shall make available to the Contractors all information necessary to understand the City’s existing insurance plans as pertaining to the affected City employees.

Benefits insurance coverage offered by the Contract[or] will be submitted with the Contractor's proposal and evaluated as part of the total compensation package (including wages) and will be compared to the current compensation package offered by the City. The RFP may require that the Contractor submit the benefits information in a table or other format that allows for ease of understanding and comparison.”

Recommendation #6

“The contractor shall be required to provide information on what coverage, if any, they provide for the following benefits. The evidence that the contractor provides shall include a description of the conditions under which the contractor’s employees are able to make use of the benefits.

- Pension/retirement plan;
- Workers’ compensation insurance;
- Unemployment insurance;
- Vacation benefits;
- Short-term disability or sick leave benefits;
- Life insurance; and
- Long-term disability insurance.”

Recommendation #7

Managed Competition Policies Review

“The contractor shall follow and remain in compliance with all federal, state, and local work safety laws, rules, and regulations for the duration of the contract. The City reserves the right to reject any proposal solely on the basis of the bidder’s safety performance record.

The RFP shall require that Contractors and Employee Teams submit general information concerning the safety programs and policies applicable to the scope of services included in the RFP. Additional, supporting information, including details on specific procedures or Material Safety Data Sheets for products used in the provision of the service, may be requested by the BET as the proposals are further evaluated if the BET determines that the information initially provided with the proposals is insufficient to assess the Contractor’s and/or Employee Team’s safety record and procedures. The name of the person(s) responsible for employee safety shall be included. Nothing in this specified policy shall in any way restrict the City’s ability to secure the information needed to ensure that the competing Contractors and Employee Team propose to perform the scope of services in a manner that protects the welfare and safety of citizens and employees.

If any OSHA, federal, state, or local safety investigation personnel have inspected the firm within the past two years, a copy of that report shall also be included with the bid submission. Any awards for safety, or citations for safety violations, shall be noted in the proposal. Bidders are also required to provide a listing of all OSHA reportable employee injuries within the past two years and a listing of all members of the general public injured by employees while they were performing their duties for the company within the past two years. These listings shall briefly describe the incident, the type and extent of the injury, an indication if the injury was reported to any federal, state, or local safety organization, and any corrective action taken by the vendor to prevent similar accidents.”

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City of Cincinnati



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David C. Crowley
Member of Council
City of Cincinnati

200205982

COMMITTEES

Committee on Standing Committees
Chair

Community Development &
Intergovernmental Affairs
Vice Chair

Finance
Member

Health, Social &
Children Services,
Small Business Development
Employment & Training
Member

Neighborhood and
Public Services
Member

November 20, 2002

Motion

WE MOVE that the City Manager report to Council on the process and guidelines that are being used to implement the managed competition process, in the four specific areas, that Council agreed to pursue on December 19, 2001.

WE FURTHER MOVE that this report be presented to the Finance Committee on Monday November 25, 2002.

Statement

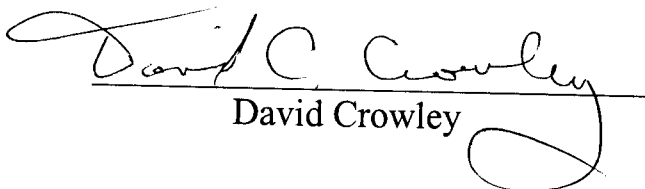
Last year Council agreed to pursue a managed competition process in four specific areas (street sweeping, Convention Center operation, fuel management and computing and telecommunications services) with the understanding that fair and equitable guidelines, with input from City employees affected and the City administration, would be developed and followed. As we approach the time when these services are being put out to bid it is important that Council be updated on the process and guidelines that are being used. This process is to include guidelines that ensure the rights of the affected City workers are protected, and that City workers enjoy a full opportunity to compete.

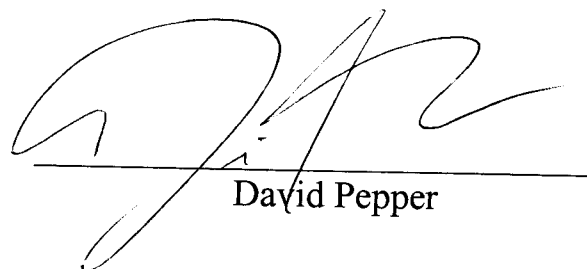
City employees have risen to the occasion, indicating their belief that they could be competitive so long as the process is fair and equitable. In a show of good faith, they have constructively participated with the City administration in the process of developing guidelines.

In May of this year the City Manager's Task Force on Managed Competition developed a list of guidelines that should be followed when any of the identified services are put out to bid. In August another list of guidelines, developed by the CGS Consulting Company, was provided to the City Manager. These two sets of guidelines included important steps such as:

1. The transfer of affected City employees to other vacant funded City positions.
2. Affected City employees will be given training and technical assistance thus enhancing their opportunity to make a competitive bid.
3. An identification of job openings that the prospective contractor will be offered to affected City employees.
4. Any lay offs will be in accordance with the existing union agreement and personnel policies of the City.
5. Any RFP's will require bidding contractors to provide detailed information on employee compensation programs, including all wage rate information for all positions performing duties associated with the contracted service and that this information will be compared to the compensation currently provided to City employees.
6. That there be a comparison of employee health benefits the city provides versus a prospective contractor.
7. Any prospective contractor is required to report on employee benefits such as pension/retirement plan, workers' compensation insurance, unemployment insurance, vacation benefits, short term and long term disability or sick leave benefits.
8. That a contractor will follow and remain in compliance with all federal, state, and local work safety laws and regulations.

Have these guidelines been formally approved by the administration? Which guidelines are being followed? Are they being followed in the RFP's that are about to go out for bid? As we enter in the managed competition process, Council needs assurance that we are doing so in a fair and equitable manner.


David Crowley


David Pepper

Staffing Plan Changes

	Change in General Fund		Other Funds		Total Change	
	2002- 2003	2003- 2004	2002- 2003	2003- 2004	2002- 2003	2003- 2004
City Council						
Office of the Mayor						
Clerk of Council						
City Manager	-23.0		-12.3		-35.3	
Buildings & Inspections	-6.0				-6.0	
Citizens' Complaint Auth.	-0.3				-0.3	
City Planning	-20.5		-5.0		-25.5	
Community Development	7.6		10.1		17.7	
Economic Development						
Enterprise Services	-36.0	-10.0	-29.8		-65.8	-10.0
Finance			-4.0		-4.0	
Fire	6.8	4.8			6.8	4.8
General Services						
Health	-12.8		16.9		4.1	
Human Resources	-3.0		3.0			
Law	-4.8		0.5		-4.3	
Neighborhood Services						
Parks	-3.2	-13.8	1.0		-2.2	-13.8
Police	44.8	19.8	-2.0		42.8	19.8
Public Services	-42.0		45.0		3.0	
Recreation	-16.6		4.0		-12.6	
Regional Computer Ctr.			-2.8		-2.8	
Safety Director						
Sewers			-28.0		-28.0	
Transportation and Eng.	-6.0		27.5		21.5	
Water Works			11.1	-5.0	11.1	-5.0
	-115.0	0.8	35.2	-5.0	-79.8	-4.2

City of Cincinnati Position Reductions

2003 Recommended Budget compared to 2002 Approved Budget

Fund	Agency	EXPB Org	Sal. Div.	Job Class Name	Total Reduction	Reduction Filled	Reduction Vacant
Office of the City Manager							
Office of Environmental Management							
050	104	1000	01	Clerk Typist 2	-1.0	-1.0	
050	104	1000	05	Environmental Programs Manager	-1.0	-1.0	
050	104	4000	00	Senior Environmental/Safety Specialist	-1.0	-1.0	
050	104	1000	00	Administrative Technician	-1.0		-1.0
212	104	2000	00	Senior Environmental/Safety Specialist	-1.0	-1.0	
212	104	5000	01	Clerk 1	-1.0		-1.0
212	104	2000	08	Occupational Safety/Health Coordinator	-1.0		-1.0
302	104	3000	08	Environment/Solid Waste Programs Coord	-1.0	-1.0	
302	104	3000	00	Environmental/Safety Specialist	-1.0	-1.0	
302	104	3000	00	Senior Administrative Specialist	-1.0	-1.0	
					-10.0	-7.0	-3.0
Division of Employment and Training							
463	106	0000	05	Employment and Training Manager	-0.5		-0.5
464	106	0000	05	Employment and Training Manager	-0.5		-0.5
					-1.0	0.0	-1.0
Office of Contract Compliance and Administrative Hearings							
050	107	2000	00	Administrative Specialist	-1.0	-1.0	
050	107	2000	05	Assistant To The City Manager	-1.0	-1.0	
050	107	1000	01	Clerk Typist 2	-1.0	-1.0	
050	107	3000	00	Administrative Technician	-1.0		-1.0
050	107	3000	00	Senior Human Resources Analyst	-1.0		-1.0
					-5.0	-3.0	-2.0
Division of Internal Audit							
050	109	0000	00	Senior Internal Auditor	-1.0		-1.0
					-1.0	0.0	-1.0
Department of Law							
050	111	0000	07	Real Estate Specialist	-1.0	-1.0	
050	111	0000	07	Asst City Solicitor	-1.0		-1.0
050	111	0000	07	Asst To The City Solicitor	-1.0		-1.0
050	111	0000	01	Clerk Typist 3	-1.0		-1.0
050	111	0000	01	Clerk Typist 3	-1.0		-1.0
050	111	0000	07	Deputy City Solicitor	-1.0		-1.0
050	111	0000	07	Real Estate Specialist	-1.0		-1.0
302	111	0000	07	Spvg. Real Estate Specialist	-1.0		-1.0
					-8.0	-1.0	-7.0
Department of Human Resources							
050	120		00	Administrative Technician	-1.0	-1.0	
050	120		00	Administrative Technician	-1.0	-1.0	
050	120		01	Clerk Typist 3	-1.0		-1.0
050	120		08	Supervising Human Resources Analyst	-1.0		-1.0
					-4.0	-2.0	-2.0

City of Cincinnati Position Reductions

2003 Recommended Budget compared to 2002 Approved Budget

Fund	Agency	EXPB Org	Sal. Div.	Job Class Name	Total Reduction	Reduction Filled	Reduction Vacant
Department of Finance							
Division of Budget and Evaluation							
050	132	0000	00	Management Analyst	-1.0		-1.0
					<u>-1.0</u>	<u>0.0</u>	<u>-1.0</u>
Division of Accounts and Audits							
050	133	0000	00	Senior Accountant	-1.0		-1.0
050	133	0000	00	Senior Accountant	-1.0		-1.0
					<u>-2.0</u>	<u>0.0</u>	<u>-2.0</u>
Division of Treasury							
050	134	0000	01	Accounting Technician 2	-1.0		-1.0
050	134	0000	01	Accounting Technician 3	-1.0		-1.0
050	134	0000	00	Management Analyst	-1.0		-1.0
					<u>-3.0</u>	<u>0.0</u>	<u>-3.0</u>
Division of Income Tax							
050	136	0000	01	Accounting Technician 1	-1.0		-1.0
050	136	0000	01	Clerk Typist 2	-1.0		-1.0
050	136	0000	00	Senior Accountant	-1.0		-1.0
					<u>-3.0</u>	<u>0.0</u>	<u>-3.0</u>
Division of Purchasing							
050	137	0000	00	Administrative Technician	-1.0		-1.0
050	137	0000	01	Clerk 2	-1.0		-1.0
050	137	0000	01	Supvg Clerk	-1.0		-1.0
					<u>-3.0</u>	<u>0.0</u>	<u>-3.0</u>
Department of Community Development							
Office of the Director							
050	161	0000	01	Clerk Typist 3	-0.7		-0.7
					<u>-0.7</u>	<u>0.0</u>	<u>-0.7</u>
Division of Housing Development							
050	163	1000	01	Clerk Typist 3	-0.3		-0.3
					<u>-0.3</u>	<u>0.0</u>	<u>-0.3</u>
Department of City Planning							
050	170	0000	00	Administrative Specialist	-1.0	-1.0	
050	170	0000	00	Administrative Specialist	-1.0	-1.0	
050	170	0000	00	Senior City Planner	-1.0	-1.0	
050	170	0000	05	City Planning Director	-1.0	-1.0	
050	170	0000	01	City Planning Technician 3	-1.0	-1.0	
050	170	0000	00	Senior City Planner	-1.0	-1.0	
050	170	0000	00	Senior City Planner	-1.0	-1.0	
050	170	0000	08	Supervising City Planner	-1.0	-1.0	
050	170	0000	01	Clerk 1	-0.5	-0.5	
050	170	0000	00	Senior City Planner	-1.0		-1.0
050	170	0000	00	Senior City Planner	-1.0		-1.0
050	170	0000	00	Senior City Planner	-1.0		-1.0
					<u>-11.5</u>	<u>-8.5</u>	<u>-3.0</u>

City of Cincinnati Position Reductions

2003 Recommended Budget compared to 2002 Approved Budget

Fund	Agency	EXPB Org	Sal. Div.	Job Class Name	Total Reduction	Reduction Filled	Reduction Vacant
Department of Public Recreation							
Region 1							
050	191		01	Custodian	-1.0	-1.0	
050	191		01	Clerk Typist 3	-1.0		-1.0
					<u>-2.0</u>	<u>-1.0</u>	<u>-1.0</u>
Region 2							
050	192		01	Custodian	-1.0	-1.0	
050	192		01	Community Center Director 1	-1.0		-1.0
050	192		01	Custodian	-1.0		-1.0
					<u>-3.0</u>	<u>-1.0</u>	<u>-2.0</u>
Region 3							
050	193		01	Custodian	-1.0	-1.0	
050	193		01	Custodian	-1.0		-1.0
					<u>-2.0</u>	<u>-1.0</u>	<u>-1.0</u>
Region 4							
050	194		01	Custodian	-1.0	-1.0	
					<u>-1.0</u>	<u>-1.0</u>	<u>0.0</u>
Athletics							
050	197		01	Clerk Typist 2	-1.0		-1.0
					<u>-1.0</u>	<u>0.0</u>	<u>-1.0</u>
Waterfront							
050	198		01	Custodian	-1.0	-1.0	
					<u>-1.0</u>	<u>-1.0</u>	<u>0.0</u>
Support Services							
050	199		00	Graphic Designer	-1.0	-1.0	
050	199		01	Laborer	-1.0	-1.0	
050	199		00	Administrative Technician	-1.0		-1.0
050	199		01	Clerk Typist 2	-1.0		-1.0
050	199		01	Facility Maintenance Specialist	-1.0		-1.0
					<u>-5.0</u>	<u>-2.0</u>	<u>-3.0</u>
Department of Parks							
Operations and Facility Management							
050	202		00	Administrative Specialist	-1.0		-1.0
050	202		00	Greenspace Manager	-1.0		-1.0
050	202		01	Truck Driver	-1.0		-1.0
050	202		04	Municipal Worker	-0.7		-0.7
050	202		04	Municipal Worker	-0.7		-0.7
050	202		04	Municipal Worker	-0.7		-0.7
050	202		04	Municipal Worker	-0.5		-0.5
					<u>-5.6</u>	<u>0.0</u>	<u>-5.6</u>
Administration and Program Services							
050	203		00	Senior Administrative Specialist	-1.0	-1.0	
050	203		01	Laborer	-2.0		-2.0
050	203		01	Florist	-1.0		-1.0
050	203		04	Municipal Worker	-0.4		-0.4
					<u>-4.4</u>	<u>-1.0</u>	<u>-3.4</u>

City of Cincinnati Position Reductions

2003 Recommended Budget compared to 2002 Approved Budget

Fund	Agency	EXPB Org	Sal. Div.	Job Class Name	Total Reduction	Reduction Filled	Reduction Vacant
Department of Buildings and Inspections							
Office of the Director							
050	211	0000	00	Senior Administrative Specialist	-1.0	-1.0	
					<u>-1.0</u>	<u>-1.0</u>	<u>0.0</u>
Division of Licenses and Permits							
050	212	3000	00	Senior Building Plans Examiner	-1.0		-1.0
					<u>-1.0</u>	<u>0.0</u>	<u>-1.0</u>
Division of Building Inspection							
050	213	2000	00	Assistant Supervisor Of Inspections	-1.0		-1.0
050	213	2000	01	Inspector 1	-1.0		-1.0
050	213	6000	01	Inspector 1	-1.0		-1.0
050	213	6000	01	Inspector 1	-1.0		-1.0
					<u>-4.0</u>	<u>0.0</u>	<u>-4.0</u>
Department of Transportation and Engineering							
Office of the Director							
050	231	0100	00	Senior Administrative Specialist	-1.0	-1.0	
302	231	0100	08	Sup. Management Analyst	-1.0	-1.0	
					<u>-2.0</u>	<u>-2.0</u>	<u>0.0</u>
Division of Transportation Planning							
050	232	0300	01	Architectural Technician 1	-1.0	-1.0	
050	232	0300	01	Clerk Typist 3	-1.0		-1.0
050	232	0200	00	Senior Engineer	-1.0		-1.0
050	232	0300	00	Supervisor Of Urban Forestry	-1.0		-1.0
					<u>-4.0</u>	<u>-1.0</u>	<u>-3.0</u>
Division of Engineering							
050	233	0800	00	Administrative Technician	-1.0	-1.0	
050	233	0600	00	Surveyor	-1.0	-1.0	
050	233	0800	01	Public Works Inspector 2	-1.0		-1.0
302	233	0300	01	Civil Engineering Technician 2	-1.0		-1.0
					<u>-4.0</u>	<u>-2.0</u>	<u>-2.0</u>
Department of Enterprise Services							
General Services Director							
202	241	0000	05	General Services Director	-1.0		-1.0
					<u>-1.0</u>	<u>0.0</u>	<u>-1.0</u>
Division of Facility Management							
050	246	6000	01	Cleaning/Service Supervisor	-1.0	-1.0	
050	246	6000	01	Custodian	-1.0	-1.0	
050	246	3000	01	Laborer	-1.0	-1.0	
050	246	1000	00	Senior Accountant	-1.0	-1.0	
050	246	6000	01	Custodian	-1.0		-1.0
302	246	5000	00	Administrative Specialist	-1.0	-1.0	
302	246	3000	01	Building Maintenance Worker	-1.0		-1.0
					<u>-7.0</u>	<u>-5.0</u>	<u>-2.0</u>
Department of Public Services							
Office of the Director							
050	251		00	Administrative Specialist	-1.0	-1.0	
					<u>-1.0</u>	<u>-1.0</u>	<u>0.0</u>

City of Cincinnati Position Reductions

2003 Recommended Budget compared to 2002 Approved Budget

Fund	Agency	EXPB Org	Sal. Div.	Job Class Name	Total Reduction	Reduction Filled	Reduction Vacant
Traffic and Road Operations							
301	252	3000	00	PW Operations Asst Supervisor	-1.0	-1.0	
301	252	3000	00	PW Operations Crew Leader	-1.0	-1.0	
301	252	5000	01	Asphalt Raker	-1.0		-1.0
301	252	5000	01	Asphalt Raker	-1.0		-1.0
301	252	5000	01	Laborer	-1.0		-1.0
302	252	7000	01	Electronics Technician 2	-1.0		-1.0
302	252	7000	01	Electronics Technician 2	-1.0		-1.0
303	252	1000	00	Public Works Operations Supervisor	-1.0		-1.0
306	252	1000	08	Public Works Operations Asst Superintendent	-1.0		-1.0
					-9.0	-2.0	-7.0
Division of Neighborhood Operations							
050	253	1000	00	Administrative Technician	-1.0	-1.0	
050	253	3000	00	P W Operations Ast Supervisor	-1.0	-1.0	
050	253	4000	00	P W Operations Ast Supervisor	-1.0	-1.0	
050	253	5000	00	P W Operations Ast Supervisor	-1.0	-1.0	
050	253	6000	00	Administrative Specialist	-1.0		-1.0
050	253	1000	00	Administrative Specialist	-1.0		-1.0
050	253	2000	00	P W Operations Ast Supervisor	-1.0		-1.0
050	253	3000	01	Sanitation Truck Driver	-1.0		-1.0
050	253	5000	01	Welder	-1.0		-1.0
					-9.0	-4.0	-5.0
Department of Public Health							
Division of Technical Resources							
050	262		00	Accountant	-1.0		-1.0
050	262		01	Accounting Technician 1	-1.0		-1.0
050	262		01	Clerk 2	-1.0		-1.0
					-3.0	0.0	-3.0
Division of Community Health							
050	263		01	Sanitarian	-1.0		-1.0
050	263		01	Sanitarian	-1.0		-1.0
					-2.0	0.0	-2.0
Primary Health Care-Programs							
050	264		01	Clerk 2	-1.0		-1.0
050	264		01	Stockhandler	-1.0		-1.0
353	264		01	Home Health Aide	-1.0		-1.0
					-3.0	0.0	-3.0
Primary Health Care-Centers							
050	265		00	Dietician	-1.0		-1.0
050	265		00	Health Clinic Coordinator	-1.0		-1.0
050	265		01	Public Health Nurse 2	-1.0		-1.0
050	265		01	Public Health Nurse 2	-0.2		-0.2
					-3.2	0.0	-3.2
Department of Sewers							
Office of the Director							
107	410		01	Civil Engineering Technician 2	-1.0		-1.0
107	410		01	Clerk Typist 3	-1.0		-1.0
107	410		00	Senior Engineer	-1.0		-1.0
701	410		00	Administrative Specialist	-1.0		-1.0
					-4.0	0.0	-4.0



City of Cincinnati Position Reductions

2003 Recommended Budget compared to 2002 Approved Budget

Fund	Agency	EXPB Org	Sal. Div.	Job Class Name	Total Reduction	Reduction Filled	Reduction Vacant
Division of Wastewater Engineering							
701	420		01	Civil Engineering Technician 2	-1.0		-1.0
					<u>-1.0</u>	<u>0.0</u>	<u>-1.0</u>
Wastewater Treatment-Millcreek Section							
701	442		01	Engineering Technician 3	-1.0		-1.0
701	442		01	Plant Maintenance Worker	-1.0		-1.0
701	442		01	Plant Maintenance Worker	-1.0		-1.0
701	442		01	Plant Maintenance Worker	-1.0		-1.0
701	442		01	Plant Maintenance Worker	-1.0		-1.0
701	442		01	Plant Operator 1 - Ohio Class 1 Certificate	-1.0		-1.0
					<u>-6.0</u>	<u>0.0</u>	<u>-6.0</u>
Wastewater Treatment-Little Miami Section							
701	443		01	Electrical Maintenance Worker 1	-1.0		-1.0
701	443		01	Plant Maintenance Worker	-1.0		-1.0
					<u>-2.0</u>	<u>0.0</u>	<u>-2.0</u>
Wastewater Treatment-Muddy Creek Section							
701	444		01	Plant Operator 1 - Ohio Class 1 Certificate	-1.0		-1.0
					<u>-1.0</u>	<u>0.0</u>	<u>-1.0</u>
Wastewater Treatment-Maintenance Section							
701	449		01	Electrical Maintenance Worker 2	-1.0		-1.0
701	449		01	Laborer	-1.0		-1.0
701	449		01	Plant Maintenance Worker	-1.0		-1.0
701	449		01	Senior Engineering Technician	-1.0		-1.0
					<u>-4.0</u>	<u>0.0</u>	<u>-4.0</u>
Division of Wastewater Collection							
701	450		01	Civil Engineering Technician 2	-1.0		-1.0
701	450		01	Civil Engineering Technician 2	-1.0		-1.0
701	450		00	Senior Engineering Technician	-1.0		-1.0
701	450		01	Truck Driver	-1.0		-1.0
701	450		01	Utility Laborer	-1.0		-1.0
701	450		01	Utility Laborer	-1.0		-1.0
701	450		01	Wastewater Collection Crew Leader	-1.0		-1.0
701	450		01	Wastewater Collection Pipelayer	-1.0		-1.0
					<u>-8.0</u>	<u>0.0</u>	<u>-8.0</u>
Division of Industrial Waste							
701	460		01	Laboratory Technician 2	-1.0		-1.0
701	460		01	Building Maintenance Worker	-1.0		-1.0
					<u>-2.0</u>	<u>0.0</u>	<u>-2.0</u>
Grand Total					-160.7	-47.5	-113.2

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City of Cincinnati



Date: December 11, 2002

To: Mayor and Members of Council

From: Valerie A. Lemmie, City Manager

Copies to: Mr. Riordan, Mr. Young

Subject: City Reorganization Plan

I am pleased to present to you my reorganization plan for the City of Cincinnati. These recommendations address structural and strategic issues that will increase the effectiveness, efficiency, and responsiveness of government. Through the transfer and consolidation of various agencies, the organization will be better positioned to respond to increased service demands and council priorities. Highlights of the plan include:

- Increased responsiveness to service delivery challenges both internally and externally
- Realignment of divisions and agencies of the City Manager's Office to more compatible departments
- The creation of an Office of Economic Development that will focus on business and job creation, retention, and expansion of significantly sized employers and downtown developers
- Reorganization of the City Manager's Office which includes the lateral reclassification of the Deputy City Manager's position, addition of an Assistant City Manager for Operations and the creation of a Public Information Officer
- Reduction in personnel expenditures and savings to the General Fund

These recommendations were developed within the context of the 2003-2004 biennial budget and as such, represents expenditure and position reductions while increasing organizational effectiveness through the strategic realignment of agencies and divisions across the organization. The reorganization plan accomplishes a total personnel expenditure savings of \$1,312,000.

Attached is a detailed explanation of the organizational changes recommended, a revised table of organization, and our expected personnel savings as a result of the changes. Finally, the appropriate ordinances and related legislation will be submitted to Council as a part of the budget deliberations and approval processes.

VAL/RMY
Attachment

City of Cincinnati 2003 Table of Organization

Organizational Changes

- **Office of Contract Compliance and Administrative Hearings (OAH)** – The OAH and Contract Compliance consists of three functions: Equal Employment Office (EEO), OAH, and Contract Compliance. The reorganization plan involves moving the EEO function to Human Resources, OAH to Law, and Contract Compliance to the Department of Finance (Division of Purchasing). This move places similar or complimentary functions in compatible departments.
- **Regional Computing Center** – The RCC is proposed to become a new department as opposed to a division within a department. This proposal is cost neutral, as it will involve no increases in salary and no additional staff as a result of the change. The elevation of RCC as a department will reaffirm our commitment to technology and allow the organization to focus on the maximization and utilization of technology as tools to enhance the effectiveness and efficiency of service delivery and business systems. (Staff will still pursue opportunities for Managed Competition in the technology area as directed by Council).
- **Division of Facilities Management** – This division is proposed to become a division within the Department of Public Services. The proposal is cost neutral and aligns to the mission of Public Services as it involves the maintenance of public space.
- **Office of Environmental Management (OEM)** - OEM consists of four functional areas: Air Quality, Environmental Compliance, Employee Safety, and Solid Waste Planning. Employee Safety will be transferred to the Human Resources Department. Environmental Compliance functions will move to the Health Department. The Air Quality and Solid Waste Planning functions of OEM will be eliminated, as they are duplicative in other government's service delivery responsibilities and internal functions in the organization. Staffing for the Environmental Advisory Board will continue.
- **Employment and Training Division (ETD)** – ETD is proposed to move to the Department of Community Development as a separate division which will align our workforce development strategy with our neighborhood and business development strategies.
- **Internal Audit** – Internal Audit will become a function of the Finance Department and, as such, will focus on management systems improvement, performance measurement, and service accountability.
- **Transportation and Engineering/ Public Services** - Professional, technical, and support staff from the Department of Public Services' Traffic and Road Operations Section would be transferred to the Department of Transportation and Engineering. This change will strategically align the planning and design functions of the transportation and street

network into the same department. This organizational change will be cost neutral as it transfers employees from one department to the other.

- **Department of Enterprise Services** – This Department is proposed to be renamed from the Department of General Services and include the functions of Fleet Management, Parking Facilities, the Convention Center, and any managed competition services. The department will be lead by the Assistant City Manager for Enterprise Services.
- **Department of Community Development (DCD)/City Planning** – The statutorily required functions of the Division of Land Use Management in the current City Planning Department that include zoning support, plan board support, historic conservation board support, and subdivision planning would transfer to the DCD. The other functions of City Planning, which include Community and Strategic Planning, would be eliminated.
- **Office of Economic Development** – The Economic Development functions which will support downtown, commercial, industrial, and significant retail development will be removed from the Department of Community Development and become an office of the City Manager and report directly to the City Manager. While DCD will still have a significant part in the overall economic and housing development strategy, this new office will focus on maximizing retention and development/redevelopment opportunities for large employers, significantly sized downtown businesses and commercial/industrial interests.

City Manager's Office Changes

The changes proposed to the City Manager's Office provide for a clearer and more coordinated approach to the management of line service agencies, support agencies, and provide for a stronger level of accountability to City Council and its Committee's.

- **Assistant City Manager for Administration** – This position will be responsible for providing leadership, oversight, and coordination to support and staff agencies, as well as coordinating information for the council committees and council calendar.
- **Assistant City Manager for Enterprise Services** – This position is proposed to be laterally reclassified from a Deputy City Manager to an Assistant City Manager. The position will be responsible for providing leadership, oversight, and coordination of the activities of the managed competition services, the Convention Center, and intergovernmental relations activities.
- **Assistant City Manager for Operations** – This position will provide leadership and oversight to line service agencies and will also coordinate and serve as liaison to the Board and Commission agencies (i.e. Parks, Health, Recreation).
- **Public Information Officer** – The Public Information Officer will be classified as an Assistant to the City Manager. The Public Information Officer (PIO) will report directly to the City Manager and be responsible for all media relations, media inquiries, and the public relations and marketing strategy of the City organization. Additionally, the PIO

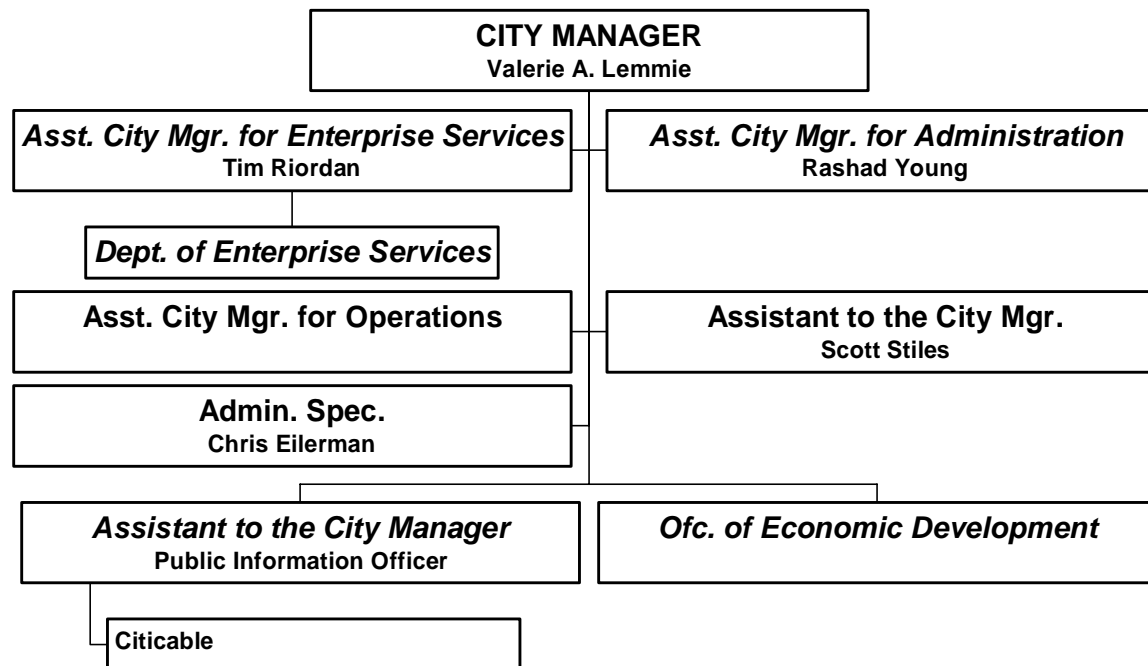
will supervise and coordinate the functions of the Citicable Office and will integrate Citicable in the overall marketing program of the City organization.

Cost Savings for City of Cincinnati Organizational Realignment

Eliminate Air Quality and Solid Waste Planning functions of OEM. Transfer Employee Safety function to Human Resources Department.	\$294,000
Transfer Employment and Training Division to Community Development. (Fill Director's position with existing staff, fund additional ETD general fund position with DCD grants funds.)	\$10,000
Eliminate Assistant to the City Manager position and Administrative Specialist position through transfer of OAH responsibilities to the Solicitor's Office, EEO to Human Resources, and Contract Compliance to the Purchasing Division.	\$398,000
Merge City Planning with the Department of Community Development. The Land Use Management section would transfer to DCD, while the Strategic Planning section would be eliminated.	\$610,000
TOTAL GENERAL FUND SAVINGS:	\$1,312,000

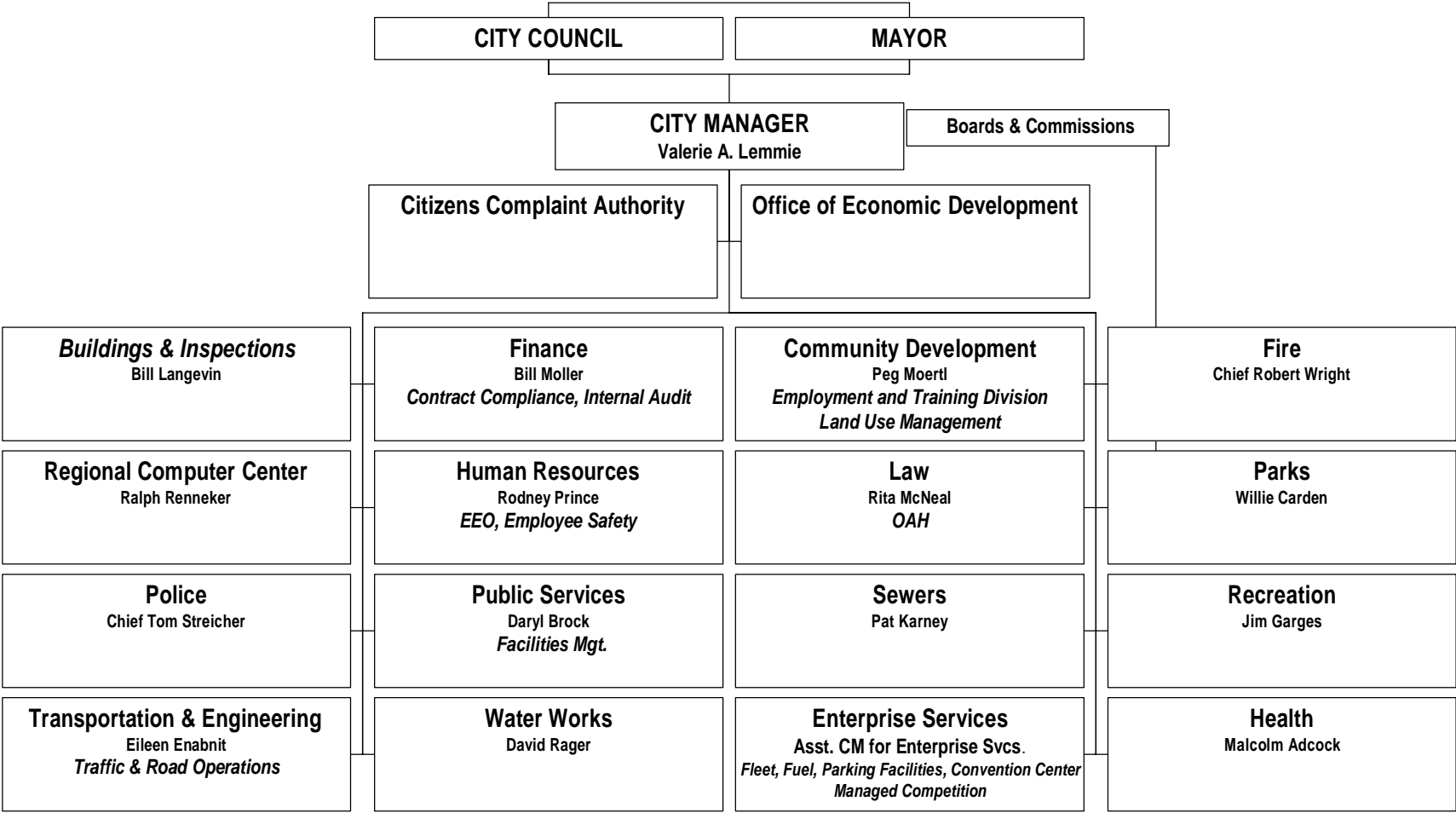
City Manager's Office

2003 Departmental Organization





City of Cincinnati 2003 Table of Organization



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Cincinnati Neighborhood Investment Reserve (\$57.3 million)

Project Description

The Neighborhood Investment Reserve (NIR) is established by City Council to provide gap financing to development projects that promote the stabilization and revitalization of Cincinnati neighborhoods through the assembly of land, construction and rehabilitation of commercial real estate, and development of for-sale and rental housing units.

There are three primary categories of projects: public infrastructure, housing development, and economic vitality or economic competitiveness. These categories are defined as:

Public Infrastructure: Projects that improve the physical infrastructure (e.g., sidewalks, sewers, vacant land or buildings, streetscapes) of a community and are tied to, (1) a specific development or business investment opportunity; (2) crime reduction; (3) quality of life improvements; and/or (4) new or rehabilitated housing units.

Housing Development: Projects that include the development or redevelopment of housing units. Priority will be given to market rate single-family housing projects that promote homeownership.

Economic Vitality or Competitiveness Activities: Projects that (1) enhance the economic investment in and sustainability of Cincinnati neighborhoods; (2) maintain or increase the city's jobs and tax base; (3) involve the acquisition and/or assembly of underutilized land and will bring that land into productive, revenue generating uses; and (4) stabilize communities through a continuum of mixed uses including retail, office and housing that will create a destination location.

Fund Capitalization

Funding and capitalization may be from sources such as Anthem demutualization proceeds, float loans, Section 108 loans, and revenue bond proceeds. Funds are intended to be flexible and serve as gap financing where other private and public capital fails to meet financing needs.

Eligible Uses

- Infrastructure costs, including utilities, streets, streetscapes, and parking areas.
- Fixed-asset financing for real estate development, redevelopment, or reuse where end-use is identified and likely to occur.
- Capitalization of grants or loan programs to fund eligible activities through established intermediary organizations.
- Subsidy to for-profit developers and organizations for job creation, retention and tax base expansion projects.
- Write down the cost of borrowed capital.

Ineligible Uses

- Market studies or other planning or feasibility studies
- Employee or staff training, conferences or workshops
- Administrative or operating expenses
- Working capital

Other Requirements

- Projects must be recommended by the City Manager.
- Loan funds must include maintenance of principle.
- Project applicant, sponsor, and/or developer must be qualified to complete project.
- The applicant and other project stakeholders must have successful track record in previous development ventures.
- Project must have a detailed business/financial plan that supports the project's economic feasibility and details sources and uses of funds, developer equity and return on investment.
- Project has firm commitments, in writing, of other resources being leveraged.
- Project is ready to proceed and time frames for performance are reasonable.
- Project is consistent with city development and redevelopment plans and applicable local, state, and federal laws and regulations.

Funding Requirements and Project Selection Criteria

- Financial Leverage: Developers should have both developer equity and at least a letter of tentative commitment from a financial institution or other funding resource(s) when requesting funding from the NIR. As a gap financing vehicle, NIR funds should not represent the majority of funds in a project.
- Recapture: Projects that demonstrate a potential return in the form of property and/or income and incremental tax increases will be given funding priority. A cost/benefit analysis will be conducted for each project submitted to determine economic benefits as appropriate, a repayment schedule, and/or timeframe for payback through new job creation.
- Scale and Impact: NIR should support projects that have meaningful scale. As such, they should produce measurable and substantive improvements in the development or redevelopment of a neighborhood.
- Workforce Development: When NIR funds are used, the hiring of Cincinnati residents into jobs created, both full and part-time, should be a priority.

Project Categories:

1. Public Infrastructure:

Project assistance should be for projects where public infrastructure expansion, upgrade or new construction, supports a specific end use that will provide economic or housing development investments in neighborhoods. Public infrastructure investments, except for those that involve investment in city-owned property, must leverage other public or private investment.

Eligible Recipients:

For-profit businesses, for-profit and non-profit developers, and community and neighborhood development corporations are eligible to receive funding.

Project Assistance Caps:

- Individual project assistance can be from \$100,000 to \$8,000,000.

Leverage Requirement:

- NIR participation cannot exceed 25% of total project costs.

Other Criteria:

Projects funded under the public infrastructure category must be supported by an analysis of probable end uses.

2. Housing Development

The NIR may be used for the development of new or rehabilitated housing throughout the city. The project should leverage other dollars (private, other public and/or equity) and NIR may be used as a loan or grant. Projects should be supported by or consistent with approved development or neighborhood plans where applicable and the City's Impaction Policy.

Eligible Recipients:

For-profit businesses, for-profit and non-profit developers, and community and neighborhood development corporations are eligible to receive funding.

Project Assistance Caps:

- Individual project assistance from \$100,000 - \$3,000,000.
- Maximum per unit subsidy of \$25,000.
- Developments must be at least 10 units to receive funding.

Leverage Requirements:

- For profit developers must meet or exceed a 2:1 leverage ratio.
- Non-profit developers must meet or exceed a 1.5:1 leverage ratio.

Other Criteria:

Modifications to the criteria above may be made based on projects that involve historic rehabilitation, development of land or real estate owned by the city or other governmental agency, or that meets a specific and stated public purpose.

3. Economic Vitality/Competitiveness Activities

NIR funds should support neighborhood economic development activities that result in job creation, tax base enhancement, business retention or expansion and leverage private sector investment. Competitiveness activities are a special category of Economic Vitality and projects funded under this section should generate quantifiable economic spin-off by making areas “development ready” where a probable end use or reuse is likely. Competitiveness activities should seek to recapture City investment where possible.

Eligible Recipients:

For-profit businesses, for-profit and non-profit developers, community and neighborhood development corporations are eligible for funding.

Project Assistance Caps:

- Individual project assistance from \$100,000 through \$3,000,000.
- Maximum subsidy per job retained or created is \$20,000.

Leverage Requirement:

- Projects must meet or exceed a 2:1 leverage ratio (not required for competitiveness activities).

Other Requirements:

Competitiveness activities should result in economic “spin-off” activities by stimulating additional private sector investment or increasing market demand for businesses in the neighborhood or business district. Competitiveness activities must also have an approved development or reuse plan or market analysis that supports the probability of an end use or reuse.

